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Daily Report
Latin America

FBIS-LAT-96-020 *30 January 1996*

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Cuba

Cuban 'Sources': U.S. 'Interfering' in Visits

PA2801021796 Havana PRENSA LATINA in Spanish 2036 GMT 26 Jan 96

[By Julio A. Machin]

[FBIS Translated Text] Havana, 26 Jan (PL) — The U.S. Government shows no sign of changing its policies, despite massive opposition in the United States to its policy on Havana, Cuban parliamentary sources said on 26 January.

"The trade and financial blockade of the island that has already lasted for over 30 years is eroding each day," the sources told PRENSA LATINA.

They noted the recent visits that two influential congressmen, more than 19 advisers to senators and representatives — mostly Republicans — and several delegations of U.S. businessmen made to Cuba.

They also mentioned the results of a poll conducted by USA TODAY — with a daily circulation of 1.5 million — indicating that seven of every 10 readers consulted disagreed with the "embargo on the largest island in the Antilles."

In spite of this situation, they said, the U.S. Government is not being sensitive to this universal feeling in the country, contrary to what usually happens when there is an issue of these dimensions regarding other policies of the administration.

The sources noted how the U.S. executive branch takes measures to preclude the appearance of supporters of a change in relations with Cuba or to prevent the so-called Track II — the strategy of the Torricelli law to politically subvert the island's society — from turning against it.

Such is the case of the denials and limitations imposed by the U.S. Treasury Department on business delegations or persons traveling to the island and of the opening of judicial investigations against those who, even for humanitarian reasons, have touched Cuban ports.

According to a document published by the U.S. Interests Section in Cuba, to which PRENSA LATINA had access, the authorization of a group of U.S. businessmen to attend a conference in Havana this month was subject to severe restrictions.

The restrictions include a provision establishing a single meeting with all Cuban ministers from the economic field, as well as the cancellation of any visits to cigar factories or official participation in events in honor of the local host.

The authorization given 45 minutes before the businessmen's plane departed was, however, denied on this occasion to the representative of the federal agency for the environment.

According to other Cuban officials, the authorities at the U.S. Interests Section are also trying to interfere with the schedule of the U.S. congressmen, whose parliamentary immunity allows them to freely travel to Cuba with the purpose of manipulating in some way impressions that the nation's reality could give in opposition to the blockade.

In congressional circles, such a U.S. position is considered "hypocritical" and contrary to the free flow of ideas, which they claim to support, especially given the unilateral nature which the authorities of this country base the political interaction between the two countries.

The Cuban officials said that, on the one hand, there is a campaign over the alleged abusive charging of money from Cubans migrating to the United States and, on the other, the U.S. Interests Section demands greater amounts from those requesting temporary visas.

"It is a matter of figures," the sources said. Of the 26,000 Cubans who received permanent visas in 1995, only 1,000 were unable to meet the expenditures incurred in meeting the norms demanded by Washington, they said.

According to what has been learned here, however, a visitor was required to submit greater financial guarantees because the $400,000 declared by his relatives to support his stay in U.S. territory "turned out not to be enough."

Asked about the appreciation of U.S. official analysts regarding the current situation in Cuba, officials from the Cuban parliament said they are trying to demonstrate that the island stopped the progress of its current reforms because 1996 is an electoral year in the United States.

"We do not make changes to please any government," Ramon de la Cruz, president of the Legal Affairs Commission of the National Assembly of the People's Government, said. De la Cruz also listed a series of bills that will be debated during the course of 1996, which are in keeping with the reforms approved more than three years ago.

Among them he mentioned the Customs Law, corporation laws, the free zones law, and changes to the Criminal Code and the Housing Law, which will be voted on shortly.

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Cuban Foreign Minister on Lower Migration Fees

PA2801192096 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Jan 96

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] We, the reporters who have accompanied the diplomatic delegation and Cuban Foreign Minister Roberto Robaina during his visit to Pinar del Rio Province, have spoken briefly with Robaina [words indistinct].

The first topic discussed was the Cuban Government's recent decision to lower by 50 percent the fees to migrate to the United States for 1,000 individuals for humanitarian reasons:

[Begin recording] [Robaina] To be more accurate, there were no agreements beyond the mediating talks. I believe we should not exactly limit the enforcement of any measure within the strict framework of an agreement. Let me answer this question further.

The United States has to implement many measures which have been discussed in previous meetings and, I would say, which are part of the migration agreement, such as lifting the measures of the [words indistinct] of August that we would not observe any changes beyond the migration talks if the United States finally implements them.

I believe it is a matter of taking advantage of this visit to Cuba by certain U.S. political figures with whom, particularly with two congressmen, we have met. We finally conveyed to one of these congressmen that whoever tracks our politics and knows about our works is aware that these works are not improvised for any visitor. We have been discussing this matter and understand this request could be examined, as this visiting congressman has said. Regarding the topic of no relationship, we are always willing to have talks based on mutual respect not only for formal mediating talks but for any visitor of this kind. I insist that many questions should not be made to Cuba but should, rather, be made to the United States, just as many of you have done. We are still waiting for a response.

[Unidentified reporter] Does the fact that no agreement was made regarding the reduction of migration fees mean this topic has been closed for Cuba? Does this mean there will be no more fee reductions for more people?

[Robaina] To be more accurate, there was no agreement; rather, Cuba made this decision exclusively after an examination. It is not our habit to close permanently any topics. We permanently close topics involving our principles, ideology, and respect. We could and are willing to examine any topic with which we might not even agree, because we do not refuse beforehand to hold any discussions.

I believe in communicating just as we did with the U.S. congressmen who have listened to our concerns, and we have listened to theirs. I believe this kind of communication would help find many solutions. We have said if we discuss many other topics based on this position, other agreements could be reached in addition to the migration topic. The fact is that the [word indistinct] phenomenon has remained present, and discussions have not been made based on equality and respect.

[Betancourt] Following the EU resolution, the European Parliament resolution, has there been any contact or any decision by the two sides to start holding the talks?

[Robaina] We have already made a decision, of which you are aware, regarding the initial talks. I hope [words indistinct] and I would tell you let us not anticipate the events. I am always asked when we will reach an agreement. More than thinking about the end, I think about how we will face the communication to ensure these talks will be broader. There was a first visit by the [word indistinct], the results of which you are aware. The Spanish Parliament, I mean, the European Parliament recently made a decision in this regard. The Spanish Government and the [words indistinct] played an important role. I believe there is a decision to continue with these talks. Cuba is awaiting a second visit by the [word indistinct], and our deputy minister in a few hours is leaving for a [words indistinct] visit to Brussels and Spain. Isabel Allende leaves on 28 January.

[Betancourt] Isabel leaves on 28 January. When do you expect the visit by the [word indistinct]?

[Robaina] We suppose that as a result of the visit by and the meetings with Isabel she will return with a proposed calendar and date. We are definitely willing to continue talking with the [word indistinct] in any place at any time.

[Reporter] Richardson has broached the Vesco issue. What response did he receive from the Cuban side on his likely extradition?

[Robaina] [Words indistinct] what our position on the extradition is. I believe we cannot think we can go around in Cuba asking for certain people when there is a much longer list for which Cuba has been asking for 35 years and for which it has received no answers whatsoever. Cuba has stressed.... [pauses] To be more exact, the only response we have received is their giving free rein to these people who have had to deal

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with serious issues for Cuba. We have not signed any extradition agreement, any project, any accord with the United States. We have said we would be willing to do it any time, but we do not feel obligated to respond to anyone when they have not responded to everything for which we have asked.

In the particular case of the individual you mentioned, I could say this case is not the one into which we have delved deeply. We were interested in certain aspects of it, and regarding this case, I would say that the American media are very clear about what our position has been. There are more questions on others, and we are analyzing them with the proper authorities. I repeat: They are not the foundation of any pressure, because our list is immensely longer and because you all are aware of what the response has been.

[Reporter] [Word indistinct] also broached the possibility of releasing 15 political prisoners [words indistinct] the government.

[Robaina] You all know the style of taking advantage of visits for releasing purposes is not typical and is not the norm here. I believe the important aspect of the congressman's visit is that he had no limitations whatsoever to broach this or any other issue. He has broached it, and we have analyzed it. I would say this is what the Cuban Government did. We were willing to listen to him, and we have respectfully listened to him. I would say they must respond to their own questions before thinking about more respect for Cuba, so we will receive more answers from the American side.

[Betancourt] Is there any truth to the rumors about the visit the Argentine foreign minister will make to Cuba this year?

[Robaina] They are still rumors. I would say the most important thing is that an invitation was extended to Foreign Minister di Tella. He has confirmed he is coming, but I have no reason to deny that we have had contacts with Argentine authorities and the foreign minister himself. He and I have agreed to choose a foreign venue for the meetings. We have agreed on the format of and date for the visit. Actually, I have highlighted the invitation to him, and he has accepted it. All we have to do now is to agree on the time to make the visit. Yes, it is a rumor; it is more than a rumor. It is not a rumor; it is a reality, a reality that has yet to materialize. [end recording]

Cuban Antirevolutionary 'Terrorists': 'More Than Insane'

PA2801035396 Havana Radio Havana Cuba in Spanish 0000 GMT 28 Jan 96

[Commentary by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] It is astonishing to see the release of a group of terrorists of Cuban descent, whom the FBI had arrested for attempting to enter Cuba for sabotage purposes, after their legal case was set aside despite having being prosecuted under U.S. law. Cases of this nature even are said to deserve long prison sentences. From the very beginning, this particular case involved weapons and war ammunition that was confiscated from the detainees who did not deny their subversive purposes. It is evident that the anti-Cuban Revolution forces and ultra-rightist bloc from the United States and of Cuban descent have rushed to hinder the administration of justice, probably including some form of bribery.

A commentary of the Cuban daily GRANMA pointed to the existing contradiction between the FBI's professional behavior and the Los Angeles City Attorney's Office [word indistinct]. This commentary underscored an evidently dirty political manipulation linked to the enormous amounts of money that the Cuban-American Foundation in Miami manages and openly uses for anti-Cuban Revolution activities. In this regard, GRANMA stated that this organization has three representatives of Cuban descent in the U.S. Congress who have associated with the Republican ultra-rightist bloc at the U.S. Congress to sponsor, accelerate, and finance anti-Cuban laws like the Helms-Burton bill, which is now under legislative discussion.

According to the police report, these detainees had bought a ship in Mississippi and had accumulated weapons and explosives that were confiscated during their arrest. These facts and the detainees' testimony in which they did not deny their subversive intents against Cuba, which is a neighboring country not at war with the United States, were more than enough evidence to enforce the U.S. law providing for prison sentences against whoever engages in subversive activities against another country within U.S. territory. This evidence was conclusive, but the legal case was abruptly suspended without a satisfactory explanation given to the public, who had been informed about these police and legal actions.

A few days later — that is, this very week — another five terrorists were arrested aboard a ship that was sailing to Cuba that contained weapons and explosives.

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These individuals were also of Cuban descent and acted under the protection of the same individuals who managed to release the Los Angeles group. This second group was not even prosecuted.

On various occasions, these activities have been made to justify the large amounts of money provided to finance the anti-Cuban Revolution movement under the knowledge that those involved will not have to reach Cuban territory. Sometimes, these individuals secretly advise the authorities to make opportune arrests. These individuals know that they will not be accountable to the law and that they will keep the funds they have received with full justification.

To organize this kind of activity is more than insane. The Cuban people are organized and ready to quickly annihilate any activities of this nature. Despite Cuba's difficult economic situation, there are no conditions in this country to foster these anti-Cuban Revolution activities. Any attempt against the revolutionary government would be immediately repressed by the people's forces. We have already had enough experiences of this kind.

Cuban Commentary on Clinton Address, Drug Appointment

PA2701220196 Havana Radio Rebelde Network in Spanish 1255 GMT 24 Jan 96

[Commentary by Eduardo Dimas, Marina Menendez, and Mario Jorge Munoz; from the "Doing Radio" newscast]

[FBIS Translated Text] [Dimas] U.S. President William Clinton delivered his fourth "State of the Nation" address on 23 January. One of the things he did was call for national unity in a speech to both houses of the U.S. Congress. I think one of the things we must point out in this speech was the conciliatory tone with which he called upon society in general to cooperate with the government to take advantage, as he put it, of the era of opportunities in technology, information, and international competition. He called on his Republican opponents to work together to avoid a third government shutdown due to the absence of a budget and urged them to reach an agreement to put an end to the fiscal crisis. He adopted a middle-of-the-road position by pointing out that he thought the times of all-powerful governments had reached their end. He said, however, that the state still has a role to play in the protection of common interests.

Clinton's ideas lie between the conservative project of reducing the size of the government through the elimination of cabinet positions and federal programs and that of the more liberal Democrats of a strong, powerful government. Clinton listed six areas in which he called for greater action and promised to personally supervise the work. These areas are: The strengthening of the family, especially the problem of teenage pregnancy; education; economic security; the fight against crime; environmental protection; and foreign policy.

As for foreign policy, he said the United States must continue to play an important role, which is certainly true. He also said the country should not be headed toward a policy of isolationism. I believe we must bear in mind that when the word isolationism is mentioned in the case of the United States, we cannot call it simple isolationism because that has never been the case. There are groups calling for greater isolation, meaning solving domestic problems and abandoning foreign policy, but this is something the United States has never done.

Finally, one of the things which I believe is very important was that the U.S. President took advantage of the speech to announce the appointment of the new director of the Office of National Drug Control Policy, the chief of the Southern Command, General Barry McCaffrey. McCaffrey has been decorated on three occasions with the Purple Heart. He has two silver medals and up until his appointment, he was chief of the Southern Command based in Panama. I believe, Mario and Marina, that we are in fact facing what we can call a militarization of the drug fight.

[Menendez] Let us say he is making it official, because that is nothing new. I share your opinion that the appointment of McCaffrey is like telling Latin American countries to get ready for what is coming. McCaffrey, as you have said, was appointed by Clinton yesterday and when his appointment was being announced, Clinton described McCaffrey as a Gulf War hero. AFP reports that McCaffrey led maneuvers that led to the defeat of Saddam Hussein's army during the Gulf war. He was the most decorated soldier of the U.S. Army. He is an intellectual and has advanced studies in economics and has vast knowledge of Latin America. McCaffrey's first contact with the region was as a soldier during the U.S. military intervention in the Dominican Republic in 1965. That says a great deal about him. As for the fight against drugs, U.S. pressures against the Latin American countries are well known. We must say it is a way of justifying U.S. interference in the area now that they no longer have the pretext of the fight against guerrillas. Without a doubt, this appointment leads to fears of even stronger actions against Latin American countries such as Bolivia, where military troops have been used for the eradication of the coca plantations. Some Puerto Rican friends told me a few days ago that powerful radars have been installed covering vast regions of Latin America, which will not only be used in the fight against drugs. It is clear evidence of U.S. interventionism.

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[Munoz] I believe it is the same dog with a different collar. We must not forget that in the 1980's when the military dictatorships were in power, U.S. policy was very clear about its strategy toward Latin America. When the so—called democracies were being installed on the continent, U.S. policy started to change, and drug trafficking was used as one of the pretexts for intervention in the continent. It was a justification to intervene in the domestic problems of the various countries.

McCaffrey is very knowledgeable of the Latin American situation, as Dimas said. He was in charge of the Southern Command in Panama and, therefore, to appoint him as member of the team that will be fighting the drug problem in the United States is to give a man who is knowledgeable of the Latin American situation the power to lead the drug fight not only in the United States but take care of the roots of the problem. That is why I called it the same dog with a different collar. It is to give McCaffrey the opportunity not only to fight the problem inside his country but to give him the opportunity to draft a strategy for the entire continent.

[Dimas] Of course. I would say Clinton's speech in fact initiates the election campaign in the United States. Republican Senator Robert Dole later gave his reaction to the speech. He is the leading presidential candidate of the Republican Party. Dole also tried to reconcile the Republican interests with regard to the role of the state and the structure of the state and the interests of the Democrats themselves. He called on all the Democrats to prevent yet another shutdown of U.S. federal offices, saying it could even lead to a prestige problem. Dole also talked about the six duties, including foreign policy, in which he said the United States must avoid isolationism.

I believe it was a speech — I do not know if you agree with me — that was an attempt to draw a line down the middle between Republican and Democratic interests. It was a conciliatory position. I do not know if you agree with me.

[Munoz] Looking at it from Clinton's point of view — meaning with a Congress dominated by the Republicans — it was an intelligent position he adopted. He delivered a middle-of-the-road speech. He still has to remain in charge of the government until November. This means that he must see how he will pull the strings of power. He has had to face Congress in the battle of the budget on three occasions. In addition, this speech, as everyone expected, is a speech similar to the one delivered by Ronald Reagan when he launched his election campaign. Analysts believe the speech was a success and predict the President will remain in charge of the campaign for the presidency.

Cuba's Castro Meets With Former U.S. Boxing Champion

PA2601131396 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro met last night with U.S. citizen Muhammad Ali, former world heavy-weight champion of professional boxing, with whom he held a friendly chat that lasted more than 90 minutes.

Castro discussed with the visitor various aspects related to humanitarian matters, sports, and other topics of common interest. Ali, 54, was a member of a delegation from the Foundation for Education and Disarmament that visited the island and delivered donations for hospitals in Cuba. The delegation, made up of various U.S. personalities and headed by former U.S. Attorney General Ramsey Clark, ended its visit to Cuba 23 January.

Cuba Hosts Delegation of Latin American Conference Talks

PA2801162896 Havana PRENSA LATINA in Spanish 0044 GMT 26 Jan 96

[By Ulises Canales]

[FBIS Translated Text] Havana, 25 Jan (PL) — Having started an official visit of Cuba a little more than 30 hours ago, a delegation of the Permanent Conference of Latin American Political Parties (Copppla) already believes the talks held so far with Cuban officials have been excellent and positive.

In statements to PRENSA LATINA, Copppal Secretary General Maria Emilia Farias of Mexico has said contacts held with local authorities have served to understand the Cuban reality, the prospects of the permanent conference, and the continent's political-social situation.

"I feel that we have been able to progress quite rapidly and that we have found more than a favorable position from the Cuban counterpart to continue discussing the likely incorporation of the Communist Party of Cuba (PCC) into the Copppla, but, above all, we have been able to share concerns about mutual issues in Latin America," Farias has said.

She has said it was possible during meetings with leaders of this Caribbean nation's governing party to exchange opinions on the deterioration of the economic

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model of the past two decades imposed on the countries of the region as well as the need to anticipate a reconstruction or the future role of the political organizations. In addition, they have discussed more specific issues regarding countries such as Puerto Rico and Mexico, the Copppla secretary has said.

Farias has stressed the importance given by her delegation to this visit of Cuba by saying "there have already been some concrete results, most of all in the exchange of information and the establishment of personal relations that will be very useful in the immediate and short term to consolidate relations between Copppal and the PCC."

Asked about the conditions for a possible entry of the PCC into the continental association, Farias has said the only requirement is for the party to be nationalist, progressive, and anti-imperialist, according to the organization's statutes.

The requirement includes signing the Declaration of Oaxaca (signed in the Mexican city of the same name), added Farias but cautioned afterward that that was a decision which the PCC would adopt at a given time and which would also entail political undertakings, consultations, and assessments with a view to setting the stage for the PCC to become a full member.

The 45 political parties representing 23 member countries of Copppla are signatories of the 1979 Oaxaca Declaration and another declaration signed in Huatulco, Mexico, in 1994, that Farias believes is much more up-to-date.

Assessing the current links between the PCC and the Copppla, Farias has described them as close and has recalled that since its creation, "we have raised our voice with pronouncements or declarations anytime there has been some measure or offensive against Cuba." This position is evidence, she has said, of the concern all Latin American political parties feel toward the Cuban situation and of our rejection of any imperialist offensive.

This past December, the Copppla general coordination body (one of the levels together with the general assembly) adopted an agreement on expressing an interest to establish closer links with the island's political party, from which the first official visit by a permanent conference delegation developed.

Farias and her delegation met with members of the PCC political bureau and Abel Prieto, president of the National Union of Cuban Writers and Artists (UNEAC), on 25 January, and the visitors steered the conversation exclusively toward Cuba's economic and social issues, according to what PRENSA LATINA was able to corroborate.

In this regard, the Copppla official has said issues relating to the economic opening and foreign investments taking place in Cuba are of interest, because "in Mexico, we have gone from total self-sufficiency during the past 13 years to a broad and unimaginable opening that has had unforeseen results, the costs for which we are paying."

"I believe what Cuba is undergoing is quite interesting," Farias has said, but Fernando Martin, personal representative of the Copppla vice president, added that this trip is, in fact, "the rediscovery that we Latin American countries, independent of our differences, all have problems that constitute a tremendous challenge to our immediate future." He has said that if the PCC is determined to confront the challenges of the coming years, one of the first things to which it must give precedence is drafting an agenda that includes common problems that unite us 1,000 times more than any differences we may have had in the past. In this regard, the rapprochement of Cuba is an acknowledgement that we all are in the same boat, Martin added.

According to Martin, insofar as the countries in the region are able to jointly challenge the forces "plundering our America as well as those problems that are almost on top of us," such as globalization and the creation of major trading blocs, more so will our integration efforts advance.

In addition to Farias and Martin, a Puerto Rican, the delegation also includes Copppla Coordinator General Alejandra Latapi, from Mexico, and Uruguayan Ruben Montedonico, who will meet here tomorrow with Copppla President Santiago Onate who is also head of Mexico's governing Institutional Revolutionary Party (PRI).

Cuba Hosts Caribbean Labor Union Leaders Conference

PA2701220396 Havana Cubavision Network in Spanish 0100 GMT 24 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] A total of 31 labor union leaders from approximately 10 Caribbean nations are meeting in Havana on their nations' problems. A total of 45 percent of the people in the Caribbean region are currently below poverty level; thus, there is need for labor union awareness to address the problems of workers and society. This is one of the goals of the seminar on the current reality in the Caribbean, which opened in Havana today. Thomas Bastian, president of the labor union of (Caitrin) and Allied Hotels in the

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Bahamas, called for a new era in labor unions and summoned them to unify their efforts and solidarity in the Caribbean, especially to defend national interests against international corporations that take the profits out of the countries. He stated that this will be the only way to ensure a minimum wage and a fair pension policy for workers. Tania Garcia, Cuban researcher at the Center for American Studies, spoke during today's session and reflected on the complex situation in the Caribbean, where structural reorganization programs have produced radical changes in the nations.

Cuba 'Hub' of Ibero-American Television Market Fair

PA2601125896 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] For the first time in Cuba and Ibero-America, Havana will be the hub of the first Ibero-American Television Market Fair, [Mercado Ibero-Americano de Television — MIBET] that will be held 2-6 June 1997 with the participation of approximately 3,000 exhibitors, buyers, and vendors. The event was summoned by the Spanish organization Security International and RTV Comercial of the Cuban Institute of Radio and Television. Its director, Andres Salcedo, has the details:

[Begin Salcedo recording] First, it gives Ibero-America an opportunity to host something the industrialized countries always organize; that is, a market for television programs.

Havana will be the hub of a market that will have the presence of not only Ibero-American broadcasters but any television broadcaster who wishes to attend either as sellers or buyers. It is going to be very important for Cuba, going to bring great prestige to Cuba. It is also going to bring economic benefits that will make it possible to hold this market on an annual basis. We are convinced that this is what is going to happen. We have the support of an organization such as the one you have mentioned regarding the organization of prestigious fairs and markets in Europe. [end recording]

Cuban Spokesman on Upcoming Visits, Migration Talks

PA2601121496 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Jan 96

[Report by Zenaida Costales; from the "National Radio News" newscast]

[FBIS Translated Text] During his usual Thursday meeting with the national and foreign media accredited to our country, Foreign Ministry spokesman Miguel Alfonso announced the visit of some distinguished individuals who will be arriving in Havana in the next few days.

According to the Cuban Foreign Ministry spokesman, the Brazilian transportation minister will visit Havana next week. He will be accompanied by a large delegation, which has scheduled meetings with high-level Cuban officials. The delegation will visit specific port facilities.

Likewise, the South African health minister will also arrive in Cuba to hire Cuban doctors to provide their services in that African nation.

The Foreign Ministry spokesman also said that tomorrow, 26 January, Cuban Foreign Minister Roberto Robaina will meet with an important Guatemalan trade delegation, which has been in the country for a few days. He also stated that Cuban Economy and Planning Minister Jose Luis Rodriguez will participate in a prestigious economic forum that is to be held in Switzerland next week.

Asked by the foreign media about migration issues such as travel permissions, which were announced during the 2d Nation and Migration Conference, the spokesman said the Cuban Government has been working since 2 November 1995 to implement all the necessary technical norms to fulfill the agreements.

As for migration negotiations between Cuba and the United States, Miguel Alfonso said Cubans have the spirit to improve the fulfillment of those agreements.

Cuba's Castro Meets With Spanish Environment Minister

PA2601131096 Havana PRENSA LATINA in Spanish 0212 GMT 25 Jan 96

[FBIS Translated Text] Havana, 24 Jan (PL) — President Fidel Castro today held a meeting with Jose Borrell, Spanish minister of public works, transportation, and environment. Borrell signed a letter of understanding with his Cuban counterpart Rosa Elena Simeon, minister of science, technology, and environment.

Borrell told the news media that Castro is very knowledgeable about Spanish politics and environmental matters, and even became interested in the document that he and Simeon were signing.

Carlos Lage, secretary of the Council of Ministers' Executive Committee, and other personalities attended the signing of the agreement, which will run for five years and can be extended by the two sides.

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Cooperation between the two nations on matters associated with the enhancement of Havana's coastal and urban areas dates back several years. But a decision was made to expand the water resources plan, the treatment of urban water, and assess environmental impact and education.

According to Borrell, the letter in general contains 14 projects at a cost of between $30 million and $50 million. Spain will try to promote the financing among the EU.

Borrell, who is visiting Havana for the second time in eight years, met today with Lage, Foreign Minister Roberto Robaina, and Transportation Minister Senen Casas.

Cuba's Lage Meets With Spanish Businessmen

PA2601131296 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] In Havana, Cuban Vice President Carlos Lage has received Josep Antoni Duran Lleida, president of the Government Committee of the Democratic Union of Catalonia, who heads a delegation of 25 Spanish businessmen visiting the Caribbean island.

The two agreed it is necessary to increase Spanish investments, especially Catalonian investments, in Cuba.

In his tight agenda of meetings with Cuban Government officials, Duran Lleida met also with Ricardo Alarcon, the president of the Cuban Parliament, and with Ibrahim Ferradaz, minister of foreign investment and economic cooperation.

Duran Lleida met earlier with Jose Ramon Balaguer, who is in charge of the ideology section and the international relations of the Communist Party of Cuba, and with Cuban Foreign Minister Roberto Robaina.

The Catalonian political leader and the delegation he heads will conclude their visit to Cuba on Friday. Before leaving they plan to visit the Catalonian Welfare Association in Havana, among other activities.

Spanish Minister Meets With Cuban Environment Minister

PA2701183696 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] Jose Borrell Fontelles, the Spanish public works, transportation, and environment minister who is visiting Cuba, has met with Science, Technology, and Environment Minister Rosa Elena Simeon. Renewing and broadening scientific cooperation is one of the objectives of his visit, according to Borrell:

[Begin Borrell recording] Foremost, the signing of the cooperation agreement, which encompasses all aspects of environmental issues in which we can undoubtedly cooperate with our colleagues and the Cuban minister. [end recording]

Borrell will also participate in the Ibero-American Civil Aeronautics Congress and in the inauguration of a photographic exhibit displaying the work carried out to protect and recover Spanish coasts.

Spanish Minister Signs Cuban Cooperation Agreement

PA2801001596 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba and Spain signed an agreement on 24 January to restore Havana's seawall. Jose Borrell Fontelles, the Spanish public works, transportation, and environment minister, who is visiting the country, signed the document. The visitor reiterated his country's willingness to cooperate in restoring the coastal and urban seawall areas and emphasized that he was convinced that the EU and international environmental organizations would contribute to this effort. He also pointed out that this agreement covers other aspects of mutual cooperation in the spheres of environmental education, rational use of water, and the recovery of historic hydraulic works such as the Alvear aqueduct. The delegation that the Spanish public works, transportation, and environment minister leads will conclude its working visit to the island on 26 January.

Cuba's Castro Meets Catalonian Delegation

PA2801035296 Havana Cubavision Network in Spanish 0100 GMT 26 Jan 96

[Report by Gloria Estevez; from the "NTV" newscast]

[FBIS Translated Text] A Catalonian delegation headed by Josep Antoni Duran Lleida [president of the Democratic Union of Catalonia] and a group of business and political leaders have met in Havana with Commander in Chief Fidel Castro, president of the Councils of State and Ministers. This important Catalonian group met with party and state leaders to review projects pertaining to the tourism industry and to the National Bank of Cuba, among other institutions [words indistinct].

[Begin unidentified speaker recording] [Words indistinct] a number of agreements that will give access to their companies to the Cuban market. [end recording]

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Catalonia is Spain's most important economic area [words indistinct].

Cuba's Castro Tours Jose Marti Memorial

PA2801024496 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 28 Jan 96

[Interview with President Fidel Castro by unidentified Cuban correspondents during the opening of the Jose Marti Memorial in Havana on 27 January; from the "NTV" newscast — recorded]

[FBIS Summary] A 15-minute report on the opening of the Jose Marti Memorial begins with a brief recap of the opening ceremonies, followed by a recording of Castro's interview. Castro marvels at the memorial's contents, particularly in light of the fact that only a minimum amount of investment was put into it. A correspondent asks Castro to reminisce about his role in defending area residents in 1951. Castro recalls the days when he would demand housing for residents who were evicted from their homes. He also compliments one correspondent on her research into those days, specifically all of the rental figures that were involved in his debates with lawyers on the housing issue. Castro then comments on a statue and paintings in the memorial.

Cuban Program 'Straight Talk' on Legal, Economic Changes

PA2701232196 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jan 96

["Straight Talk": Studio discussion between program host Luis Sexto and GRANMA's Vladia Rubio; place and date not given — live or recorded]

[FBIS Translated Text] [Sexto] Today's topic is of great interest to our audience: Our laws and economic transformations. Vladia, you have selected a good topic for this program. Economic transformation assumes structural change, too.

[Rubio] Correct.

[Sexto] It seemed that until recently our country was neglecting this parallel transformation to the superstructure, especially the legal superstructure. This is not so. Very careful, sensible, and rigorous work has been done. We are now finding out that modifications are also being made to the different justice codes to adapt them to changes in the Cuban economy and, thus, Cuban society.

[Rubio] A series of modifications have been introduced to the penal code, including several criminal acts that seem interesting to me. For example, (?genocide) and people trafficking. This is closely linked to prostitution. This refers specifically to the introduction or extraction of people to and from national territory...[pauses] what was once called white slavery.

[Sexto] Yes, white slavery is the exact word.

[Rubio] Yes, white slavery. This calls for sanctions of up to 15 years. Notice how this has to do directly with values and all that we have done. It is not just a matter of educating; there must also be coercion and repression. In many cases, education is not enough on its own.

[Sexto] We are not living in the best of worlds.

[Rubio] That's also true. Another modification is influence peddling. This is very interesting. I am not a lawyer, but I was talking last night with a woman lawyer, who is a friend of mine, and I was asking her to clarify this to be able to explain it to "Straight Talk" listeners. She explained that influence peddling can be understood as being linked to bureaucracy. Look, how interesting! In other words, it has to do with documents, work, information that people can obtain through the use of their post, social position, or their position as an official. This was previously linked to embracery [cohecho]. In other words, the bypassing of procedures for the benefit of others. This now is considered a crime on its own. In addition to these modifications, it was commented...

[Sexto, interrupting] This has much to do with corruption, in addition to bureaucracy.

[Rubio] No, because it is not bribery [soborno]; this does not include bribery. Let us say, for example, that I am a vice minister and you ask me to expedite something thanks to my job as an official.

[Sexto] In exchange for something, no doubt.

[Rubio] No, not necessarily, as that would be bribery. The mere fact of being a public official can then serve as a mechanism that could be used, regrettably, of course.

[Sexto] That is called cronyism?

[Rubio] Well, perhaps, but it is called influence peddling. Also, changes are needed to crimes to the public treasury. This is closely related to a topic you recently recorded about taxes. This includes tax dodging — in other words, not paying taxes. This, for example, could include perjury. Do you know what perjury is?

[Sexto] Of course.

[Rubio] I do not know if "Straight Talk" listeners know. You swear that your earnings were so much, but if you lie you can be criminally charged with perjury. The tax you must pay is according to your earnings.

[Sexto] Doubtless. This is reasonable.

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[Rubio] Up to now, tax evasion has not been punished according to our fiscal code.

[Sexto] Because a country that charged no taxes had no provisions...

[Rubio, interrupting] Of course. This is a new modification being studied. It is very good. I was commenting on the intended modifications to the penal code, which are being studied. It seems to me, however, that in addition to these modifications, we need to put into operation a whole structure that helps, aids, and complements these laws. Sexto, we are lacking auditors, accounts books, controls which definitely are nonexistent. In addition, the lawyer said: But Vladia, the tribunals do not have pens or paper to write with. It seems to me we need the support of basic supplies to ensure that all these things, which are now just theoretical in the planning stage, can be viable once they enter into law. What do you think?

[Sexto] What do I think? I think...

[Rubio, interrupting] Yes. I asked myself and was telling my lawyer friend: But there are many more pressing shortages in the country than the need for paper and pens. There is no milk, and so forth. Why list them? There are so many. But she argued that the only way to make a law viable and demand compliance is to fulfill these basic requirements.

[Sexto] Vladia, it is my impression that this country has very few fools. Furthermore, I believe that if the legal structure is being conceived, which substantially increases the role of the laws in our country, of course we must think of the material support for the application of these laws. Of course, this country has dozens of shortages, which we all know about. But I also think that thanks to our work, thanks to our country's strategy, they tend to disappear or become reduced. It is true that paper is needed, it is true that our students need notebooks in school. So far the notebook problem has been resolved one way or the other. I believe that the paper and ballpoint pen problem will also have to resolved, even with new (?concessions). In fact, just the other day I was noticing, my son got his driver's permit and brought me a little piece of paper, which I believe measures 6 or 7 cm wide and 5 or 6 cm long. What a difference when I took out my permit to learn to drive: It was a page that was three times the size of this one. In other words, traffic police comrades have found a means to save paper. They have reduced their permit in size and even used a much smaller sign and are using one-third of the paper they previously used. In other words, this has also served so that the people can clearly see what can be done through savings. I believe, Vladia, that this has to be solved, because we are not going to draft laws and then have them disregarded.

[Rubio] Of course. However, I was also thinking that this is not only a question of laws, policemen, and attorneys. It is a question of tax dodging. Generally speaking, most people obey the law. I believe it means raising citizens' awareness. We must continue the education of every Cuban citizen, using all the different means and thus helping each person become combative and capable of calling out when they see something wrong being done. Call the attention without fear, face it without this false cronyism, or not wanting to become involved. One should not let things like this pass. What do you think?

[Sexto] Look, Vladia, I get the impression, as I was saying just now and like we commented during a recent program on taxes, it is not just a matter of education. It is necessary to demand. I believe demands in our society have always been something very relative, something very lax, something very loose...

[Rubio, interrupting] Precisely now — sorry to interrupt you — but this is why these modifications to the penal code are being studied.

[Sexto] Of course. Our society has to begin to cast off all the paternalism that benefited and deformed its laws and social relations. I believe that this is a struggle that is overcome through citizens' education and especially with demands from the higher structures to the lower structures. There can be no authority in this country that says I do not involve myself with this, it is not my problem. This attitude cannot continue and whoever assumes that attitude must of course pay the price.

[Rubio] I was thinking, Sexto, when we spoke of education, the law, repression...[pauses] and that is the word when we speak of the law.

[Sexto] We need not fear the word repression.

[Rubio] You were saying that up to now we have been very paternalistic and that citizens' consciences have been invoked but that laws are also definitely needed to go along. But returning to the topic of education of our citizens regarding the law, I was thinking that many times our citizens do not know our laws. I feel this is a delicate and important affair. I believe every citizen, just like what takes place in other cities, should have an updated copy of the Constitution. It is true that the Official Gazette is sold by vendors' stands, but sometimes people do not even know what the contents are because it has not been divulged...

[Sexto, interrupting] Vladia, here I disagree somewhat with you. In this country...[pauses] I have been a journalist for 25 years and ever since I started to work I used to read our newspapers, listened to our radio and television programs on the law, legal problems, and

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sections on legality. There was a very popular and well-known television program, there were radio programs. TRABAJADORES newspaper, where I started to work, has a daily section on legality. I believe that at one time there was even an overabundance of legality information in this country. The problem is that no one was interested in complying with the law or very few were interested in enforcing it.

[Rubio] Yes, but I think that especially now, when new modifications are being studied for the code, it is very important to make them known and give them the widest possible publication. Not only the new ones, but again I insist on divulging our laws. I insist, Luis, that there are citizens that do not know the laws. People cannot be made to comply with something they do not know about.

[Sexto] The law says that ignorance of the law does not exempt the person from punishment. In other words, you can break the law without knowing, but this is no excuse as far as the tribunal is concerned, it is no justification. If you violate the law, even if you do not know it, you have to pay for it. I agree with you that the law must be divulged. But especially, we need to make all Cubans aware since their school days that we live in a very humanist society, with much solidarity, but that it is ruled by laws. The respect to other people's rights means complying with the law. I respect you when I comply with the laws that regulate our relations. But we are out of time, Vladia, so I will give you two seconds to close.

[Rubio] Only to insist that emerging modifications are being studied regarding the penal code, which I believe will be placed into practice soon. This will very wisely accompany all the economic modifications we are experiencing, which in the end will be for everyone's good.

[Sexto] Many thanks, Vladia, for having talked about economic transformations and our laws.

Cuban Daily Publishes Column on Tax-Payment Data

PA2901162296 Havana PRENSA LATINA in Spanish 1354 GMT 26 Jan 96

[FBIS Translated Text] Havana, 26 Jan (PL) — The Cuban people now have access to a new official source of information on something that, until a short time ago, some did not know existed and others had forgotten it existed: Taxes, something practically nonexistent in the country since 1959.

Under the headline "For Taxpayers," [Para el Contribuyente] the daily GRANMA has begun publishing a column that minds the "importance of the tax policy and tax system and the interest this has awakened among the people."

According to the authorities, taxes, which had been revoked by the revolutionary government, after victory 36 years ago, have been reestablished because of the current economic crisis, provoked, basically, by the collapse of the socialist camp and the tightening of the U.S. blockade.

The GRANMA column makes a distinction between taxes as a levy demanded to satisfy social needs, with the state not being committed to fulfill any "specific services;" assessment taxes, that do involve this commitment; and the contributions, which in Cuba go to one sector only: Social security.

Local legislation regulates 11 types of taxes, such as those on revenues, on personal income, sales, public services, property, land transportation, and the transfer of goods and inheritance.

It also regulates taxes on documents, the exploitation of natural resources, the protection of the environment, the utilization of the labor force and a special one on products.

One of the best-known ones is that on the earnings of self- employed workers. Self-employment is an alternative of recent creation in which thousands of workers are involved throughout the territory.

In the last session of Parliament, in December 1995, President Fidel Castro said that in Cuba, taxes are levied to better distribute wealth and he is in favor of a gradual increase in taxes because, he said, we cannot allow unconfined and sometimes illegal acquisition of wealth.

Cuban Hotel Builders Seek Improved Efficiency

PA2601133096 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 20 Jan 96

[Report by Urbano Gutierrez and Nelson Barrera from the "NTV" newscast]

[FBIS Translated Text] Builders of Oro Verde Hotel have said they want to improve efficiency and to eliminate their own difficulties and those involving suppliers and project developers:

[Begin unidentified speaker recording] Our workers have said they totally support the idea of paying salaries based on productivity. In addition, they have expressed the inclusion of a new element [words indistinct] the salaries of managers and personnel responsible for supplies at all levels with their productivity. [end recording]

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The works, which began in late 1992, are expected to conclude this year, after builders failed several times to meet the dateline for concluding the works. The conclusion of this work has now been rescheduled for February. The Abel Santamaria Villa Clara Contingent has borne most of the responsibility for the construction of Oro Verde Hotel, involving other Uneca [Union of Caribbean Construction Enterprises] specialized forces.

According to Carlos Toledo, chief work engineer, the basic alliance consisting of project developers, builders, and investors has failed here. At the beginning, they went more than a year without a budget. Throughout the construction period, there has been instability in supplies and difficulties with the project, characterized by the incompatibility between various specialties and a poor job done.

Things started to change beginning in the last quarter of 1995:

[Begin unidentified speaker recording] We, construction workers, have always been ready to work. We have made significant progress with the resources that have arrived lately, as you can see. [end recording]

Oro Verde is an investment of the Cubanacan Corporation. It will have 270 rooms and will be a four-star facility. The delay in the construction of Oro Verde has resulted in substantial foreign exchange losses.

Cuban Politburo Members' Activities Through 26 Jan

PA2801121296

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 26 January.

Carlos Lage Davila has chaired a meeting of Francisco Vega Sanchez railroad workers on resolutions adopted at the 17th Cuban Workers Federation (CTC) Congress. Lage praised the workers' organization and discipline. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96)

Jose Ramon Machado Ventura confirmed during a tour of Granma Province that the sugarcane harvest there is off to a good start. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96)

Pedro Ross Leal has answered CTC leaders' questions on various topics, including the need to emulate workers in accordance with their particular needs. (Havana Radio Rebelde Network in Spanish 1255 GMT 19 Jan 96)

Jose Ramon Balaguer Cabrera has stressed the importance of working hard inside communities. He also noted the importance of a political-military and internationalist education to an efficient economy and of always remembering the Revolution, its history, and its principles. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Jan 96)

Jose Ramon Machado Ventura and Pedro Ross Leal have chaired the CTC meeting in Sancti Spiritus. The opening of the harvest and the union's organization were the issues discussed at the meeting. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Jan 96)

Ulises Rosales Del Toro has toured the Isle of Youth. He believes that all the conditions are right for the province to be the first territory in the country to overcome the special period. He praised the Pioneers' efforts to reach the goals that Raul Castro set in 1995 and said the province is ready to defend the country. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Jan 96)

Osmany Cienfuegos Gorriaran delivered an address at the opening of the 39th congress of French travel agents, held in Havana. (Havana Radio Rebelde Network in Spanish 0100 GMT 21 Jan 96)

Carlos Lage Davila has praised tourism figures and the opening of the sugarcane harvest. He noted that 84 sugar mills are working and that 10 banks, as well as foreign financial institutions, are responsible for financing the industry. (Havana Radio Havana Cuba in Spanish 1300 GMT 22 Jan 96)

Raul Castro has praised Ciego de Avila workers — particularly agricultural groups, farmers, and members of the Youth Labor Army — for scoring an unprecedented victory in the production of tubers and vegetables. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 22 Jan 96)

Maria De Los Angeles Garcia attended the eighth meeting of the Cuban Communist Party's Matanzas Province committee. Garcia said that the sugarcane harvest is more than an economic battle and that each person must participate in the harvest as it is a life-or-death matter for the country. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Jan 96)

Raul Castro and Ulises Rosales Del Toro attended the key ceremony in Pinar del Rio to celebrate the end of a tour by a group of prominent youths to commemorate the expedition made by Antonio Maceo and his troops 100 years ago. Rosales described Maceo's heroic deed against Spanish colonialism as the most remarkable feat by Cubans in their struggle for independence. (Havana Radio Havana Cuba in Spanish 1300 GMT 23 Jan 96)

Esteban Lazo has chaired the preliminary meeting to plan the march of torches commemorating the 143d an-

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niversary of Jose Marti's birthday and the 100th anniversary of Antonio Maceo's death in combat. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Jan 96)

Carlos Lage Davila and Ricardo Alarcon De Quesada have attended the Health Ministry's second methodological meeting, which featured the institution's assessment for 1995 and the development of strategies for 1996. (Havana Radio Rebelde Network in Spanish 1800 GMT 25 Jan 96)

Jose Ramon Machado Ventura acknowledged the work by the agro-industrial workers in Guantanamo Province, which has registered positive results in the sugarcane harvest. Machado noted that all Cubans must be aware that the sugarcane harvest is everyone's responsibility; therefore, there must be a major commitment for the sake of making the most out of this harvest. (Havana Radio Rebelde Network in Spanish 1800 GMT 26 Jan 96)

Roundup of Cuban Sugarcane Developments Through 29 Jan

PA2901045296

[FBIS Report] The following is a compilation of reports on Cuban sugar industry developments monitored through 29 January.

Workers at four Camaguey Province sugar mills began cutting sugarcane on 15 January, two days ahead of schedule. Refineries, machinery, and transportation are reportedly in order. Sugar production in Camaguey Province is on the rise: A 74 percent increase in production is expected in Camaguey compared to last year. Yield is reported at 39,000 arrobas per caballeria. Productivity has increased, although the mills still do not have all the resources that they need. The amounts produced using manual labor have improved. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 16 Jan 96)

Holguin Province authorities report that heavy rains over the past seven weeks have affected all Holguin sugar mills. The Nicaragua and Fernando de Dios refineries have not received sugarcane yet. It has been impossible to extract sugarcane in some fields. The province's production level was up 9.6 percent, even though milling has reached only 69 percent of the goal. (Havana Radio Rebelde Network in Spanish 1255 GMT 22 Jan 96)

Eight of 10 sugar mills have begun work in Sancti Spiritus Province, representing 90 percent of milling capacity. Workers say that this is the best harvest in 10 years. (Havana Cubavision Network in Spanish 0100 GMT 26 Jan 96)

New measures are being taken in Matanzas Province to clean sugarcane harvest equipment. The amount of foreign debris found in equipment has dropped from 14 percent to seven percent. Five women are being used to clean the cane before it is sent to the mill. (Havana Cubavision Network in Spanish 0100 GMT 26 Jan 96)

Haiti

Haiti's Foreign Minister Summoned on Constant Case

PA2701012696 Port-au-Prince Signal FM Radio in Creole 1230 GMT 23 Jan 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The Senate Foreign Affairs Commission has summoned Haitian Foreign Minister Fritz Longchamp, to report on the progress of the Emmanuel Constant case before the Haitian Senate on 26 January. The senators intend to ask him to explain the possible deportation of the former leader of the Revolutionary Front for the Promotion and Progress of Haiti. The Haitian senators will also talk about the question of the 60,000-page document seized by U.S. soldiers in September 1994.

According to information from reliable sources, the process should result in the repatriation of Emmanuel Constant who is currently imprisoned in Maryland. [Word indistinct] is going on. The U.S. Embassy in Port-au-Prince, which announced a long time ago that Emmanuel Constant would be released in one or two weeks at the latest, states that he should be returned here to testify before the justice department about all the actions of which he is accused.

Haitian Ministry Officials Meet International Sponsors

PA3001003596 Port-au-Prince Signal FM Radio in Creole 1230 GMT 29 Jan 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] The economic dialogue has resumed between the Haitian Government and the various international sponsors. A delegation from the IMF, the World Bank, and the Inter-American Development Bank is now in Haiti. The delegation members have already held several meetings with Finance Ministry specialists to assess the country's economy from October 1995 to January 1996. The discussions focused on a structural adjustment agreement and privatization.

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The delegation members met with President-elect Rene Preval on 25 January. Senate President Edgard Leblanc met with the members of the IMF delegation the morning of 26 January. Leblanc has said the discussions focused on the country's economic situation but not on specific issues. The Haitian prime minister, Claudette Werleigh, had various discussions with this delegation.

Economy and Finance Minister Jean-Marie Cherestal, one of the individuals most concerned about the negotiations, has confirmed that the negotiations resumed with the international institutions after they had been stooped. The talks were halted as early as October 1995 due to the lack of consensus in the government regarding the approach and strategy it should develop so the country can draw the best possible benefit from the economic reform program. Consequently, the country's economy minister has said the new economic plan that will stem from the negotiations will allow a thorough reform of the country's economic apparatus, which will allow the authorities to create a stable, macroeconomic framework and allow the country's economy to be more advanced and more developed. [passage omitted]

Haitian Deputies To Propose Revised Budget to Executive

PA2601180896 Port-au-Prince Signal FM Radio in Creole 1230 GMT 23 Jan 96

[Report by Yvener Millien from "The 0730 Appointment" newscast]

[FBIS Translated Excerpt] Haitian parliamentarians today will propose another budget bill they have [word indistinct]. The Haitian parliamentarians disagree with the budget bill the government has submitted to them.

The deputies will submit a revised budget to the Port-au-Prince authorities. The parliamentarians will meet today to present the new budget of the Republic for fiscal year 1995-1996. Four ministers have been removed from the budget the deputies will propose today; they are the information minister, the minister for Haitians living abroad, the environment minister, and the women's affairs minister.

According to Deputy Alix Fils-Aime, the Finance Commission of the lower chamber will send its report to the Chamber of Deputies today. Let us listen to the details with Yvener Millien.

[Millien] The Economic and Finance Commission will present today a san interim report—that is, a provisional report—on the national budget to the Chamber of Deputies. According to Deputy Alix Fils-Aime, one of the members of the Budget Commission, the commission will present the general observations they have made on the budget and will send counterproposals to the executive. Deputy Fils-Aime added that they will ask that the budget be revised in line with the counterproposals. They are doing the [words indistinct] of the people for the country:

[Begin Fils-Aime recording] You know we cannot rewrite the budget for the executive; thus, we will present globally, generally.... [pauses] We have made the general observations, will present a series of counterproposals, and will ask that the budget be revised in this regard so it can make sense to the people, so it can make sense to the country, so it can break with the traditional budgets, so it can break with the question of state machineries overlapping one another.

I believe these counterproposals are important, responsible, coherent counterproposals that include important strategies, and the people will be able to understand very well in what direction we want to move when we present it tomorrow. I know both the executive and the people will support us. [end recording]

[Millien] Concerning the worries of many people in case the budget is not voted on, Deputy Alix Fils-Aime has said the state will not stop working, because the Constitution gives the right to automatically renew last year's budget. Deputy Fils-Aime believes it is necessary to take time do a serious job, to give an orientation of the national budget instead of doing a hasty job:

[Begin Fils-Aime recording, in progress] ...signal that the Constitution straightforwardly says that even if the budget has not been voted on for a year, the previous year's budget remains valid, and you know the state is collecting money every day; the General Directorate of Taxes collects 7 million gourdes every day. [passage omitted] [end recording]

Haitian Violence Occurs After Security Chief Killed

PA3001013196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 29 Jan 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] At least nine people died, about 50 warehouses were destroyed, and several dozen houses were burned during the violence that took place in La Saline this past weekend. In addition, several children are reported missing. This is the final toll of the violent actions that took place in La Saline the morning of 27 January following the assassination of a man named Jean-Robert Lucito, a well-known figure in the area.

According to statements taken at the scene, Jean-Robert Lucito was a local security brigade chief. Armed

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individuals assassinated him. He was hit by two bullets early the morning of 27 January. In retaliation, members of this brigade killed four presumed accomplices of the assassination who completely torched a small area of Rue 9 in La Saline. The other person who died was an old man who was burned in his home. [passage omitted]

Two individuals were arrested by the police assisted by UN Mission in Haiti soldiers who accompanied them, but the policemen released the individuals they had arrested due to pressure from the residents of the area.

It should be noted that Boulevard La Saline was blocked for several hours the morning of 27 January when large barricades with tires aflame burned in the area.

In response to the deaths of nine people in the area, about 50 houses and several small houses were torched during the incident that occurred in the area of Rue 9 this weekend, on 27 January.

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Mexico's President Discusses Political, Economic Reforms

PA2901135196 Mexico City NOTIMEX in Spanish 2334 GMT 28 Jan 96

[FBIS Translated Text] Washington, 28 Jan (NOTIMEX) — President Ernesto Zedillo said today that political and economic reforms in Mexico are irreversible and said that much of the criticism to his administration comes from people who yearn for the authoritarianism of the past.

In an interview with British REUTER's financial television services, Zedillo said that "there is a firm conviction in Mexico, shared by most Mexicans, that there is no turning back."

He added that the "modernization of our economy is the only sure way to increase our national prosperity, have a better distribution of wealth, and generate the employment that the Mexican people demand.

Zedillo's statements took place in the context of a European tour and the beginning of a four-day official visit to Great Britain, where on Monday he will meet Prime Minister John Major, in London.

"There is criticism. But I believe that much is from people who are nostalgic for the old authoritarian way," Zedillo said in response to a question regarding the recent stance of some Institutional Revolutionary Party (PRI) legislators.

The Mexican president said that that position was not representative and gave assurances that his [Zedillo's] guidelines have the majority support of his party. "I am not going to change my way of ruling Mexico for the sake of nostalgia," he added.

"All (my government's) actions needed was legislative support and I received full support from members of my party. These are the facts and this is what needs to be observed," he said.

The Mexican president said that wanting to maintain a healthy distance between the PRI and his administration does not mean a split and emphasized the importance of mutual respect.

"They (the PRI members) must understand that I was elected to rule all Mexicans regardless of their beliefs. I believe that this relationship is working well," he ended.

Zedillo mentioned "the more than 17 million votes that I won in 1994" and said that this "is my political base."

The Mexican president also said that "it would be very difficult to move ahead in the economic front if at the same time we do not seek political modernization."

We underwent an extremely difficult economic situation, nonetheless, at the end of the year we experienced political and economic stability," Zedillo said and cited as an example that in 1995 the least number of strikes took place of the past 20 years.

Zedillo believes that the worst moments have passed and that if we continue to work to resolve the problem we will soon see not to far in the future the recovery of our banking system," Zedillo said.

He reiterated that his government does not intend to privatize primary oil industry activities administered by state-owned Mexican Petroleum (Pemex), but said that he will promote privatizations in other sectors of the government.

Mexican Commissions Issue Decision on Salinas Trial

PA3001045096 Mexico City XEW Television Network in Spanish 0400 GMT 26 Jan 96

[Report by Santos Briz from the "24 Hours" newscast]

[FBIS Translated Text] Three legislative commissions of the Chamber of Deputies tonight issued their decision on a possible political trial against Carlos Salinas de Gortari:

[Santos Briz] With eight votes against the PRI [Institutional Revolutionary Party] and two in favor of the PRD [Party of the Democratic Revolution] and the National Action Party, deputies of the joint Government and Constitutional Affairs Commission and the Justice Commission ruled as groundless the request to hold a political trial against former President Salinas de Gortari, former Finance Secretary Pedro Aspe, and former Comptroller Secretary Maria Elena Vasquez Nava for alleged irregularities in the sale of Telmex [Mexican Telephone Co]. Cuauhtemoc Cardenas Solorzano, former PRD presidential candidate, has made this request.

At the end of the meeting held at the San Lazaro Legislative Palace, PRI Deputy Saul Gonzalez Herrera, president of the Government and Constitutional Affairs Commission of the Chamber of Deputies, said:

[Begin Gonzalez Herrera recording] The commission issued the corresponding rulings on Cardenas' request, rejecting it as groundless after ample discussion. [end recording]

[Briz] Gonzalez Herrera said that according to the Constitution, President Salinas is not subject to a political trial. Regarding the former finance and comptroller secretaries, he said the evidence provided by Cardenas Solorzano was not enough:

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[Begin Gonzalez Herrera recording] The commission examined and assesse. the evidence ad reached the following conclusions: 1) The sale of shares and the resulting share holding of the federal government in Telmex was strictly in keeping with the constitutional stipulations, particularly Constitutional Article No. 134. [end recording]

[Briz] The Labor Party did not participate in this meeting, because it has no deputies in the government and justice commissions of the Chamber of Deputies.

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Guatemala

Guatemalan Budget for Fiscal Year 1996 in Effect

PA2701213596 Guatemala City PRENSA LIBRE in Spanish 23 Jan 96 p 64

[FBIS Translated Text] According to Government Agreement No. 773-95 appearing in the Official Gazette, the General Revenue and Expenditures Budget for Fiscal Year 1996 has been in effect as of 22 January and amounts to slightly more than 11.106 billion quetzals.

The Council of Ministers decided to approve the allocation of all programs, plans, activities, projects, groups, and items based on recommendations formulated by the Budget Technical Directorate (DTP). Likewise, authorization has also been granted to carry out an analytical assessment of all jobs and salaries included in the document entitled Analytical Budget of all Personnel, Permanent and Under Contract with the State for Fiscal Year 1996.

In addition, it has been established that the execution of the budget will be controlled by periodic allotments according to type of programs, projects, activities, and according to groups of expenditures and specific items starting with the opening of an account by the State Accounting Directorate based on a distribution authorized by the DTP.

This past 30 November, the Congress of the Republic approved the state budget with the previously mentioned amount which, as relates to revenue item, is divided into current and capital revenue. In the first case, current revenue amounts to 9.578 billion quetzals, divided in tax revenues (taxes and other general tariffs) for 8.665 billion quetzals; nontax revenues (pension funds and sale of unmovable goods) for 194,870,000 quetzals; nontax revenues (utilities, interest, and public services) for 369,936,000 quetzals; current transfers received (from the private and public external sector) for 336,397,000 quetzals; and specific revenues for 12,500,000 quetzals.

Likewise, the government expects to receive 1.527 billion quetzals in capital revenue of which 40 million quetzals corresponds to loan reimbursement and advance payments, while 1.487 billion originates from the public credit. This last item includes revenue from the external sector amounting to 831,575,000 quetzals; regional organizations for 244,788,000 quetzals; nonregional organizations, 403,741,000 quetzals; other international organizations, 43,334,000 quetzals; credit from public securities (1991 Emergency Bonds and Treasury Bonds, fiscal year 1996), 56,541,000.

With respect to the expenditures side of the budget, the law approved in November 1994 establishes the following distribution: operating expenditures, 6,159,880,000 quetzals; capital expenditures, 3,197,679,000 quetzals; public debt, 1,749,124,000 quetzals. In the meantime, the Legislative Branch will be receiving 72,655,000 quetzals; Office of the Attorney General will be receiving 30,343,000 quetzals; Office of the Comptroller General of Accounts, 32,063,000; and Executive Organizations, 10,971,000.

The estimated fiscal deficit for this year has been set in little over 300 million quetzals. This goal would be achieved through a severe program of public austerity.

Guatemalan Minister Announces Dismissal of Police Agents

PA3001023696 Guatemala City LA REPUBLICA in Spanish 26 Jan 96 p 3

[Report by Carlos Castanaza Rosales]

[FBIS Translated Text] Government Minister Rodolfo Mendoza has announced in a news conference that 118 National Police [PN] agents were discharged yesterday for their involvement in acts of corruption, human rights violations, harboring criminals, and other offenses. He added that 34 of them were put on administrative duties and that the rest were on street patrols. Moreover, 45 percent includes police chiefs who will be indicted, unless they already are, to answer to the law for their actions. [sentence as published]

The decision was made in the early morning hours of yesterday, although the corresponding study by the Government Ministry, PN director, and the chiefs of the Professional Responsibility Office [Oficina de Responsabilidad Profesional — ORP] began the day they took office.

The order is part of a PN program of profound changes that envisions a purge of its ranks, Mendoza added, because the people are aware that part of the violence stems from the security corps. This step, he has said, is a necessary one to recover credibility, because the program would be hurt by those who would hamper change out of self-interest if the decision had not been made.

Some of them are already facing trials in the appropriate courts, but others are under investigation by the ORP to begin legal actions. The goal is to provide answers to the complaints and demands by organizations such as Minugua [UN Mission for Guatemala] and the Archbishopric's Human Rights Office.

Regarding the problem that may arise by bringing the NP to court, he has said the CC [Constitutionality Court]

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has established that only those who have filed a suit and the individuals who have joined it are protected, and so there is no problem, because the 118 dismissed policemen are not benefited by this ruling.

The top official added that the purge will also include the Treasury Police and other units of his ministry, because these units are aware it is vital for citizens to stop being frightened of them.

Phantom Jobs of at least Six Journalists

In addition, regarding the question of whether the purge included people holding phantom jobs in the PN, including six journalists, it was reported, Mendoza has said he already had the names of six journalists who were involved in this anomaly.

He has said he would wait to be certain that that number was the right one before announcing them, an action which he formally promised to do. He has affirmed that the changes in 22 departmental governorships will be announced starting today.

Guatemala: Group Threatens Chiefs for Alleged Crimes

San Jose LA NACION in Spanish 26 Jan 96

[Received via Internet]

[FBIS Summary] Guatemala, 26 Jan (ACAN-EFE) — According to a clandestine communique given to the national press yesterday, a so-called organization of "active" Guatemalan Army officials have threatened to execute at least 30 military chiefs who are accused of various crimes.

The communique was written by the group For the Restoration of the Guatemalan Army (PREGUA), which was unknown until today, but claims to have a membership of active officials. The organization, unknown to National Defense Minister General Julio Balconi, identifies a group of Armed Forces "pseudo-officials," who occupy key posts, as those responsible for having tarnished the military's "honor and glory."

Upon naming 15 political crimes and activities related to drug trafficking in which the military officials are implicated, the unknown PREGUA members warn that they will execute the accused if their actions are not investigated.

The communique blames General Jorge Perussina, the then chief of staff of the National Defense, and General Luis Miranda Trejo, the former commander of the Guatemala City "Mariscal Zavala" Military Brigade, currently retired from the military, for the June 1990 murder of U.S. citizen Michael Devine. Lieutenant Colonels Edgar Trujillo and Rodolfo Paiz Hernandez are also implicated in the murder.

Four soldiers received the maximum sentence of 30 years in prison for killing Devine. Captain Hugo Contreras, in charge of the patrol that carried out the assassination, managed to escape from Army headquarters where he was being detained. Contreras' whereabouts remain unknown. Nevertheless, the communique claims Contreras was killed by his own companions in an "extrajudicial" killing.

The communique explains that Trujillo worked as a military intelligence service official in Guatemala City, and he was responsible for Contreras' protection, security, and life, while Paiz Hernandez was the intelligence official known as "G-2" in Poptun, where the murder took place.

The unknown group blames General Edgar Godoy, Colonel Juan Valencia, and Lieutenant Colonel Juan Oliva for the 11 September 1990 death of anthropologist Mirna Mack Chang. The three ordered the murder while they were assigned to the Presidential General Staff (EMP). Former EMP member Manuel Beteta is in prison now for his stabbing of Mack to death.

Nicaragua

Nicaragua Rejects Honduran Territorial Claims

PA2701145796 Managua EL NUEVO DIARIO in Spanish 21 Jan 96 pp 1, 2

[Report by Erving Sanchez Rizo]

[FBIS Translated Text] Nicaragua has reiterated its rejection of Honduras' intention to take over part of the nation's territory located on Nicaragua's maritime continental shelf between parallels 15 and 17, over which the Managua government has historically exercised sovereignty.

The Nicaraguan Government's position was put across by Foreign Ministry official Mauricio Herdocia, who has said there are sufficient legal arguments to uphold what Nicaragua claims, based on facts.

This position will be maintained by a Nicaraguan technical commission at the negotiation table with a Honduran delegation presided by attorney Pedro Pineda, who will arrive in Managua on 22 January to attempt to expedite a solution to the Honduran-Nicaraguan controversy.

Unquestionable Nicaraguan Sovereignty

The Honduran Government has claimed through the media lately and in statements by its high-ranking military

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officers that the maritime border between both countries is parallel 15. Nevertheless, Nicaragua has maintained sovereign control over that maritime territory for decades.

Herdocia has said Nicargua has been making efforts to establish a maritime border delimitation safeguarding national territory located north of parallels 15 and 17.

Herdocia has recalled that Honduras and Nicaragua have delimited their terrestrial and Gulf of Fonseca borders but did not do so in the Caribbean Sea, something which Honduras admitted in 1982.

The lawyer has said that after losing to Honduras approximately 12,000 sq. km in 1960, Nicaragua has been exercising sovereignty in the rest of the territory and previously did so in the seas from the confluence of the Patuca River.

The Miskito population of Nicaraguan origin remained in that territory that Nicaragua lost, a reminder that the territory belonged to Nicargua, due to a poor defense in international courts.

The Capture of Pirates Demonstrates Nicargua's Rights

Nevertheless, Nicargua has maintained sovereignty to the north of the parallels mentioned, as proven by the capture of Honduran vessels by the Nicaraguan Navy such as Mister Woo and La Mascota between 1991 and 1995.

During the 1980's, in April 1982, the exchange of notes between the Honduran and Nicaraguan Foreign Ministries reveals the capture of the fishing boats Bowe and Media Luna, among others.

During the 1970's, in 1977 approximately, the national printing shop published a proclamation by Foreign Minister Alejandro Montiel Arguello disclosing that the maritime borders between the two countries had not been delimited.

Maritime Border Has Not Been Delimited

The Hondurans cannot say their border goes farther than parallel 15, where the Nicaraguan Navy has been the one to exercise sovereignty, caring for the territory and capturing pirates.

Since 1906, when both countries were engaged in a conflict and General Jose Santos Zelaya's troops reached Tegucigalpa, the Managua government remained in power exercising its legal and de facto authority over the territory Honduras now wants to take over.

Publications of that time indicate that Nicaragua owned a promontory that is clearly much farther north than parallel 15 and which extends over Nicaragua's continental shelf.

Hondurans Recognized Nicaragua's Claims in 1982

In fact, as proof favoring Nicaragua's argument, the Honduran Government proposed to the Managua government in 1982 the creation of a joint commission to work on the delimitation of Atlantic maritime borders; therefore, Honduras' assertion that the border is parallel 15 is incorrect and still remains to be delimited.

The Honduran proposal at that time was to set a provisional line that was to affect the rights of each of the two countries until a definitive agreement was reached regarding the sea border of both nations.

Nicaragua has solid legal arguments, based on international law, favoring Nicaragua regarding the dispute brought up once again by Honduran authorities who are concerned about caring for the economic interests of that country's high-ranking military officers who dispatch their fleets to fish inside Nicaraguan territory.

Central American Bank Halts Payments to Nicaragua

PA2701020596 Managua Canal Dos Television in Spanish 0045 GMT 24 Jan 96

[FBIS Translated Text] The Central American Economic Integration Bank (BCIE) has reported it will not disburse $110 million if the Nicaraguan Government does not arrange payments for a $54 million overdue loan.

[Begin recording] [BCIE Representative Roger Arteaga] In Nicaragua's case, we are in the final stage of negotiations. There is a specific proposal by the Nicaragua Government. The BCIE has analyzed it. It is reasonably acceptable. Only a few details need to be resolved. In the next few days, perhaps in a few weeks, this will be solved.

[Unidentified reporter] What is the proposal? Could you be more specific?

[Arteaga] Actually, I cannot be more specific, because the arrangements are revealed once everything has been approved. I can tell you that what we have received from the Nicaraguan Government is acceptable. The BCIE has analyzed it, and only a few details regarding the amount and the time limits remain to be established until a complete solution is reached and the bank's disbursements can continue. [end recording]

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Nicaragua's Fiallos Resigns as Electoral Coucil Head

PA2901202596 Managua BARRICADA in Spanish 28 Jan 96 pp 1, 12

[Report by Xavier Rayo Valle]

[FBIS Translated Text] Dr. Mariano Fiallos, president of the Supreme Electoral Council [CSE], in a surprise move announced yesterday his resignation both to the post as president as well as magistrate because he considers that the rules contained in the *Reforms to the Electoral Law* and the low budget assigned for the October elections to be "incompatible."

"I cannot continue to successfully work as CSE president under those rules. The remaining magistrates fully agree, but only I resigned, not the CSE, following the exposition before the Justice Commission as well as the one before the executive branch plenary," he explained.

Dr. Fiallos disclosed that the CSE in full decided to request the legislative branch not to discuss his resignation for a prudent term, but clarified that he is maintaining it and that his decision was not influenced by the delay in dealing with the impediment [inibiciones] affair, because even though they can "hinder the electoral process, they are not the CSE's responsibility."

Fiallos Ayanguren lodged his resignation on Friday before the National Assembly secretariat and yesterday he delivered a copy to President Violeta Barrios de Chamorro.

In another letter, the former CSE president thanks the president for her trust in him and in a third letter requests his fellow magistrates "permission" to leave his post.

Dr. Fiallos said that both the main magistrates as well as the alternates unanimously "consider that the *Reforms to the Electoral Law* should be improved through new modifications" for the sake of the upcoming elections in October.

A formal request to this effect will be delivered tomorrow, Monday, to the executive and legislative branches, requesting a substantial increase to the CSE assigned budget.

Among other things, Fiallos says that it is necessary that the CSE be given back the task of selecting its own president and alternates in Departmental Electoral Councils structures, whereby Department Councils appoints the presidents and alternates, and that the other two members in both institutions be selected from lists presented by political parties.

Fiallos Oyanguren added that the CSE magistrates believe that the presidents and alternate representatives to the Departmental Electoral Councils must not conclude their terms five days after the inaugurations, as stated in the reforms, but these must be permanent positions due to the professional nature.

He stressed that the "transparent, clean, honest, and credible handling of the elections depends on an appropriate administrative structure under the CSE responsibility. The way it is now, the CSE has the ability to handle the process, even if those points are not changed and without my presence. Nevertheless, I feel it is inconsistent to continue working under some rules I don't support."

He thanked other magistrates for the petition they filed before the National Assembly not to process his resignation, and hinted at the possibility he may change his mind if the changes proposed are made and they satisfy the CSE, through a new law that modifies the recently-promulgated reforms.

President Barrios de Chamorro invited Fiallos Oyanguren and the other magistrates to explain to her their points of view, and said she trusts in the dialogue to resolve the request made.

However, regarding the possibility to increase the CSE budget, the president expressed that this would only be possible "if money falls from the sky. But one can do everything when one wants and one can; I don't know if you understand me."

Nicaragua's Ramirez Resigns From Sandinist Movement

PA2901165296 Managua BARRICADA in Spanish 20 Jan 96 pp 1, 8

[Report by Freddy Garcia Eschke]

[FBIS Translated Text] Deputy William Ramirez Solorzano, one of the MRS [Sandinist Renewal Movement] top leaders, resigned from the party yesterday because Sergio Ramirez Mercado refused to hold high-level talks between the two factions without previous conditions, as proposed by the Sandinist National Liberation Front [FSLN].

According to a close aide of the former MRS leader, William Ramirez wrote a three-paragraph letter stating that Sergio Ramirez did not heed the petitions presented by the MRS rank and file. Ramirez also voiced his complete disagreement with the response to the written FSLN invitation personally sent to Sergio Ramirez by Commander Ortega.

After Deputy Ramirez's resignation was made public, Sebastian Escobar and Bayardo Obregon, MRS leaders in Masaya, supported the parliamentarian's decision and

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also refused "to continue to be subjected to Sergio Ramirez's whims." However, we could not confirm this with the Masaya leaders.

"We are concerned about Sergio Ramirez's rejection of our proposal to hold talks, and now William Ramirez's resignation is suggesting to us that there are people within the MRS who favor a process to unify Sandinism," FSLN Secretary General Daniel Ortega Saavedra said yesterday as he learned of the situation.

Former President Ortega deemed the parliamentarian's resignation as a very significant step for the unification of Sandinism and voiced his confidence that the MRS rank and file will make Sergio Ramirez change his attitude.

"We trust that this rejection to hold talks could be reversed, because it [the rejection] is inconceivable, Ortega added. He also said that although Sergio Ramirez rejected the alliance we proposed — we would garner enough votes to elect the Congress' Directorate — Sergio Ramirez opted to strike an alliance with the PLC [Constitutional Liberal Party], refusing to go with us and wasting this opportunity to form a directorate that would better represent the people's interests.

"The attitude Sergio Ramirez took, we believe, is leading him to an open rapprochement with the Somoza regime. I repeat, however, that we hope he will reconsider. I hope that the MRS rank and file will be able to exert pressure on him to do just that.

At Sergio Ramirez's office, MRS Spokesperson Claudia Neira pointed out that the writer had no comments. However, as the MRS is a democratic party, "whoever wants to join, can join it, and whoever wants to leave, can leave it."

The writer refused to provide a copy of Deputy Ramirez's letter of resignation despite the numerous requests from the media. Sergio Ramirez told us, through his aides, to ask the deputy to give us a copy.

A political observer who asked not to be unidentified explained that it is no secret that the FSLN is a natural ally of the MRS. For this reason, Dr. Ramirez' attitude seemed strange; it was the last straw that broke the camel's back, and it triggered an internal crisis.

Media circles also made similar comments. It was speculated that other resignations would follow from the MRS rank and file as a sign of dissatisfaction over the current rigid attitude Dr. Ramirez is demonstrating by making major decisions at the core of his party.

The Letter that Sergio Ramirez Rejected

Managua, 17 January 1996

Dr. Sergio Ramirez

MRS President

Dear Sergio,

As you are well aware, the FSLN, its National Directorate, and yours truly have repeatedly voiced our open willingness to seek an understanding, reach an agreement, and strike a political alliance with the MRS.

Now that the year for general elections has started and as the last legislature of the National Assembly has convened, we believe the search for agreements favoring an electoral process that will be an example of civic-mindedness for the sake of the people and the nation is more timely than ever.

This is why we would like to officially invite you to hold broad talks on these issues of national interest. We propose that a high-level delegation start holding these talks this week at the MRS offices.

Looking forward to receiving a positive response,

Fraternally,

Daniel Ortega Saavedra

Nicaraguan Officials File Unconstitutionality Suit

PA3001013296 Managua Radio Nicaragua Network in Spanish 1130 GMT 25 Jan 96

[From the "620 Newscast"]

[FBIS Translated Text] Twenty-seven government officials, including ministers and deputy ministers, filed a new unconstitutionality suit before the Supreme Court of Justice, this time against the reform of the Amparo Law, Roberto Larios, the spokesman for this state branch, has announced.

This suit was filed on 22 January before that institution and seeks to avert a ruling that might be unfavorable to a previously filed unconstitutionality suit. These officials want to run for public office without having to resign from the positions they hold in the government.

It appears that the suit filed by the government officials also seeks to allow former Presidency Minister Antonio Lacayo to be a presidential candidate in the upcoming elections.

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Panama

Panamanian Official Views U.S. Money-Laundering List

PA2901160396 Panama City EL UNIVERSAL DE PANAMA in Spanish 26 Jan 96 p 1

[Report by Gerardo Berroa — all quotation marks as published]

[FBIS Translated Text] Foreign Relations Deputy Minister Omar Jaen stated that Panama is not included in a list about to be unveiled by the U.S. Government related to countries where money laundering activities is flourishing.

However, he did acknowledge that in this country "there are criminals who use the national territory to carry out illegal activities," but that the government is actively fighting against them, although he refrained from mentioning any specific names.

The deputy minister's response came in reaction to an U.S. announcement that it is preparing a list that includes the names of those countries where money laundering activities are thriving in order to threaten them with severe penalties if they fail to adopt tougher financial controls.

Jaen was categorical in stating that Panama is not involved in illegal activities and that on the contrary, the Group of Rio had selected this country as headquarters for a center that will specialize in the struggle against drug trafficking and all related crimes.

"Panama has repeatedly been mentioned by foreign governments, and even the U.S. Government has acknowledged the results obtained in the struggle against drug trafficking and money laundering, Jaen pointed out.

A few days ago U.S. Undersecretary of State Jonathan Winer [name as published] stated that President Bill Clinton had ordered the government to prepare a list that include the names of countries with money laundering problems and to arrange steps for them to adopt internationally accepted control measures.

On the other hand, yesterday, U.S. Ambassador in Panama William Hughes visited the Colon Free Zone, and area which has been traditionally been mentioned as a money-laundering center.

Hughes met with Free Zone Manager Victoria Figge as well as Customs Directors Fernando Mendizabal and stressed the need for more joint effort between Panama and the United States in order to prevent the Colon Free Zone from being used for illegal activities.

"Only by being united is how we will defeat those criminal elements who seek to misuse the free zone with their money-laundering activities, importing drugs, and even surmount trademark regulations," Hughes indicated.

At the same time, the U.S. ambassador mentioned the likelihood of the United States providing technical assistance to support the efforts being carried by the free zone in its struggle against money laundering and other illegal activities.

Panama Said 'Key Point' for Weapons Transshipment

PA2701161096 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Jan 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] National Police Director Jose Luis Sosa has confirmed that Panama has become a key point for the transshipment of weapons. Abdiel Antonio Gutierrez has filed a report.

[Gutierrez] Sosa has said he does not have information on the alleged presence of Peruvian terrorist (Rodolfo Pin) in Panama, but he has said our country is a key point for shipping weapons to other countries:

[Begin recording] [Sosa] Panamanians are aware that what has happened in Panama had to do with Peruvian weapons. I have never denied this fact; it is true. That is the truth; there is the transshipment of weapons in Panama; it is not a lie. It is also true that these people are involved in this activity.

[Gutierrez] If we have harped on the Darien Province issue, it is because its authorities continue to call on the media, continue to report to us that they are afraid, that they are frightened, even though you have affirmed that there is nothing going on in Darien, because guerrillas are living among them and stealing their vegetables. They have become part of their daily lives.

[Sosa] I am going to tell you what happened five, seven, I do not know how many days ago. As you know, I met with the caciques of the Indian territories. They were the first ones to point out to us that Colombians had already arrived there. There are no Colombians there; the thing is that they are used to seeing the SAN [National Air Service] helicopters painted in one color, and now they have been painted white. I have sent these people there, but they are wearing another uniform because they are border agents. What did the caciques think? They thought these people were Colombians; they are not Colombians. [end recording]

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Panamanian Minister Cited on Talks for Entry Into WTO

PA3001022896 Panama City LA PRENSA in Spanish 29 Jan 96 p A5

[Report by Lastenia Murillo and Hermes Sucre Serrano]

[FBIS Translated Text] Commerce and Industry Minister Nitzia Villarreal announced yesterday that talks with Canada and New Zealand with a view to ensuring Panama's entry into the World Trade Organization (WTO) ended satisfactorily on 24 January and that it is anticipated that both governments will respond positively.

The minister has said talks with the EU have already ended and that the only thing still pending is the official closing, given that the organization is composed of several European countries.

She has said she had spoken to the Panamanian negotiating team in Geneva on 24 January and stated the talks with New Zealand are proceeding positively.

Panama began a new round of talks in Geneva this past Monday with a view to gaining admittance into the WTO. These talks are scheduled to conclude during the first quarter of 1996.

The Panamanian delegation in Switzerland includes representatives from the public and private sector who restarted talks with New Zealand on defining a tariff for dairy products.

Agriculture Development Minister Carlos Sousa Lennox has told LA PRENSA that talks with Canada on frozen potatoes have concluded.

Panama's PRD Council Admits Amnesty Law Hasty Approval

PA2701183996 Panama City LA PRENSA in Spanish 23 Jan 96 p 2

[Report by Jose Otero and Manuel Alvarez Cedeno]

[FBIS Translated Text] Presidential adviser Luis Carlos Cabeza has said that the National Directive Council (CDN) [Consejo Directivo Nacional] of the PRD [Democratic Revolutionary Party] has admitted that the draft of the Amnesty Law had been approved "hastily" and that the agreement to consult all the sectors of society had not been respected.

The top PRD officials, including President Ernesto Perez Balladares, met in Veraguas on 20 January and decided to establish a commission to study the controversial bill.

The commission is comprised by legislators Balbina Herrera, who will head it, and Yadira Gonzalez as well as Deputy Presidency Minister Oscar Ceville and Cabeza.

According to Cabeza, PRD legislators agreed in the Cerro Azul pact to consult with all the sectors to reach a consensus document on the issue, and this pact was "not respected," according to the CND.

"The legislators definitely rushed things, and the agreement was not honored," Cabezas has said.

The commission this week will begin its initial consultative meetings with representatives of the Catholic Church and other religious sectors of the country and will later exchange opinions on the issue with those political parties favoring an agreement as well as with the opposition.

The commission has not established a final date to present its report to the PRD's directive council, because, according to Cabezas, "without any haste we are going to try to do things as fast as possible" on this occasion.

President Perez Balladares was emphatic in Veraguas on 20 January, according to what was published, when he said "it is clear that if the project, as it is now, is presented as a bill as approved by the assembly, I would have no other choice than to veto it."

There are obvious differences of opinion within the PRD regarding approval of the bill after legislators such as Alberto Aleman Boyd, proponent of the project, Assembly President Carlos Alvarado, and Miguel Bush said the initiative seeks the country's "reconciliation."

PRD Legislator Balbina Herrera said yesterday, however, the amnesty bill should not benefit those who were involved in proven crimes of manslaughter and embezzlement, because that "would serve as a suitable example for no one."

Herrera said no law can include individuals who have been proven guilty of embezzlement or homicide, because "it would be a suitable example for no one."

About the amnesty issue, she also said an evaluation should be carried out on a case by case basis and analyzed to determine whether it is really applicable, adding that the commission is even assessing the suitability of a presidential pardon.

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Panama's ARI Begins Selling Houses in Espinar Area

PA2701170396 Panama City LA PRENSA in Spanish 23 Jan 96 p 3

[Report by Ibeth Vega G.]

[FBIS Translated Text] The Interoceanic Region Authority (ARI) officially began selling the first block of housing units located in the Espinar residential area, from which it expects to earn approximately $12 million.

The sale kicked off with the publication of an advertisement in various newspapers inviting interested parties to submit their bids on a group of duplexes located in the Espinar residential area, Colon Province.

According to the advertisement, the public auctions will be held on 26, 30, and 31 January, and the prices of the houses will fluctuate between $29,145 and $36,496.

The bids shall be submitted through a form handed inside a sealed envelope accompanied by the bidder's certificate enabling him to participate in the proceedings to submit the bids.

The bidders shall also include a deposit for 10 percent of the bid in the sealed envelope, as well as a financial statement from a bank. Both the deposit and the letter shall be in keeping with the appropriate legal regulations.

The parties interested in participating in this sale will be able to obtain the official documents, made available since yesterday, at the ARI offices located in Building 217, Espinar, Colon Province, from 0830 in the morning to 0430 in the afternoon.

According to an ARI bulletin, the sale of these houses will generate approximately $12 million, which will be used to benefit Colon residents via the construction of low priced housing.

The bulletin adds that this new residential concept will complement the tourist development project at Espinar through the construction of a hotel in the former School of the Americas and its facilities over Gatun Lake, as well as a Swiss hotel institute.

In this regard, Arturo Vallarino, legislator and former president of the Legislative Assembly, has reiterated that the government is still creating false expectations about future projects in the reverted areas of the Panama Canal.

According to Vallarino, the government plans regarding the reverted areas are "demagogic."

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Argentina

Argentina's Foreign Minister on Talks With Christopher

PY3001021996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2020 GMT 29 Jan 96

[FBIS Translated Text] Buenos Aires, 29 Jan (NA) — Foreign Minister Guido Di Tella has said that the goal of installing a free trade zone from Tierra del Fuego to Alaska will be accomplished by the year 2005 and confirmed that Argentina is "an ally of the United States and the Western world."

The minister made these remarks in Washington during a meeting with U.S. Secretary of State Warren Christopher on 25 January. The details of the meeting were disseminated by the U.S. Embassy in Buenos Aires today.

Within this framework, both officials praised the two countries' good bilateral relations, stressing that one of the goals common to both countries is to try to achieve the objectives established during the last Summit of the Americas.

Christopher said that Argentina "has helped fulfill the Miami summit goal of achieving a prosperous and democratic Western hemisphere."

"The United States hopes to broaden its cooperation with Argentina and, at the same time, work to achieve the goals established in Miami," the secretary of state said.

Di Tella, in turn, recognized that "there are many problems, but we will achieve our objective of having a free trade zone encompassing the entire continent of the Americas by the year 2005 or before."

"We consider ourselves an ally of the United States and an ally of the Western world. We have adopted very frank international policies and we want to have a reasonable role, in accordance with our position on international questions," the minister added.

Christopher recognized that "there are aspects on which we have temporary differences of opinion" with Argentina, although he added that he was sure we will be able "to resolve them thanks to our excellent overall relations."

Argentina's Menem, PRC Official Discuss Trade, Ties

PY2901185296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1637 GMT 29 Jan 96

[FBIS Translated Text] Buenos Aires, 29 Jan (NA) — President Carlos Menem and Chinese Vice Premier Zhu Rongji met today to discuss several commercial ventures, and bilateral political and cultural exchange projects.

The PRC vice premier was received by the Argentine head of state at his Government House office at 0900. During the meeting that lasted until 1030, Zhu and Menem exchanged views on their respective countries and assessed the progress in bilateral relations.

The Argentine president was accompanied by Deputy Foreign Minister Fernando Petrella; Raul Estrada Oyuela, Argentine ambassador in the PRC; and Ambassador Alfredo Chiaradia, Foreign Ministry under secretary for international economic relations.

Menem personally inquired about the $8-million credit the PRC will grant La Rioja Province for the purchase of provincial administration machinery.

The head of state thanked Zhu for the support of his country, which facilitated Argentina's incorporation into the Asia-Pacific Economic Cooperation Forum.

It should be pointed out that Zhu is one of the brains behind the recent economic reform in his country and a candidate to replace the nonagenarian Deng Xiaoping.

PRC Official in Argentina on Heavy Water, Other Accords

PY3001002996 Buenos Aires CLARIN in Spanish 29 Jan 96 p 9

["Summary" of "exclusive" interview with visiting Chinese Vice Premier Zhu Rongji by Daniel Santoro; place and date not given — first seven paragraphs CLARIN introduction]

[FBIS Translated Text] Chinese Vice Premier Zhu Rongji, one of the leaders of the current Chinese economic reform process (and a candidate to replace octogenarian [as published] leader Deng Xiaoping), is visiting our country. Zhu Rongji announced that the Argentine and Chinese Governments have agreed to negotiate the purchase of Argentine heavy water and the signing of a fishing agreement to operate in the South Atlantic.

Zhu Rongji, who will be received by President Carlos Menem at Government House today, granted CLARIN an exclusive interview. He said that China will support Argentina's application to join the Asia Pacific Economic Cooperation (APEC) forum, one of the requests made by Menem during his visit to Beijing in October of last year.

Zhu's announcements, made after his meetings on 26 January with Cabinet Chief Eduardo Bauza, Economy

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Minister Domingo Cavallo, and Deputy Foreign Minister Fernando Petrella, referred to strategic issues.

According to Argentina's prevailing legal and economic opinion, the sale of heavy water is a priority for our country. Argentina has, in Arroyito, Neuquen Province, a plant that produces heavy water, which is used in nuclear power plants. The issue is also very sensitive at the international level.

This is why negotiations will be conducted within the framework of the two countries' bilateral agreement on the peaceful use of nuclear energy, of the kind that is purchased and sold.

The importance of the fishing agreement lies in the fact that Argentina needs to occupy the South Atlantic to strengthen its position with regard to the Malvinas Islands conflict, and China is one of the largest fish consumers in the world.

The following is a summary of the interview:

[Santoro] Is your country willing to purchase Argentine heavy water and sign a fishing agreement with our country in order to strengthen Chinese-Argentine relations?

[Zhu] It is a consequence of President Menem's successful visit to China. We will authorize the specific department to start direct negotiations on the possibility of purchasing Argentine heavy water. Our talks will be within the framework of our nuclear cooperation agreement for peaceful purposes. With respect to fishing, your deputy foreign minister told me his government fully favors the beginning of negotiations on this issue.

[Santoro] Does China support Argentina's desire to join APEC?

[Zhu] Of course we support Argentina's desire to join APEC. There is an APEC member countries' commitment not to accept any new member for a period of three years. But this period ends next year. We will fully support Argentina's application at the end of this period. Argentina supports the "one-China" policy (that is, it does not recognize Taiwan as an independent country), and voted for my country's entry into the WTO. We will support Argentina's application to join APEC, and will continue supporting Argentina's position in the Malvinas Islands conflict.

[Santoro] Other Latin American presidents, besides Menem, also traveled to China in the past few months, essentially to try to open the Chinese market to their countries' companies. Does China have other interests in Latin America besides commercial ties?

[Zhu] There are basic political interests because Latin American countries' democratization and economic stability have given the region a very important voice and role at the international level. In addition, Latin America is rich in natural resources and China has a large market. Our economies are complementary, which can be very profitable for all concerned.

Argentina's Cavallo on IMF Loan, PRC Delegation's Visit

PY3001011196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1053 GMT 27 Jan 96

[FBIS Translated Text] Buenos Aires, 27 Jan (NA) — Economy Minister Domingo Cavallo has asserted that Argentina "will have no difficulty" in obtaining the disbursement of the last tranche of a loan the IMF has to disburse at the end of March within the context of the extended fund facility amounting to $380 million.

Moreover, Cavallo disclosed that the new finance program Argentina is negotiating with the IMF "will surely become effective in the second quarter of the year." He nonetheless made it clear that agreement on certain aspects of the accord was still pending.

The head of the Economy Ministry made these remarks on the evening of 26 January before attending a banquet in honor of the PRC official delegation at a luxurious hotel in this capital city.

The economy minister met with the members of the IMF mission who are monitoring Argentina's fiscal accounts. After the meeting, Tomas Raichmann, the head of the IMF delegation, declared that "Argentina has met the targets agreed upon for 1995."

Cavallo pointed out: "The meeting was a very good one. They told us that they formed a very favorable impression of our handling of last year's accounts and that there will be no problems for the last disbursement of the loan granted through the extended fund facility that expires on 31 March."

Cavallo revealed that "we discussed a new [finance] program, which will surely be initiated in the second quarter of the year and which we will continue to negotiate in due time."

Commenting on the Menem administration's intention to cut the VAT to 18 percent, the minister said: "Our intention, from the start, was to reduce the VAT, and President (Carlos) Menem was very clear about that. Nevertheless, Congress must enable us to eliminate exemptions to the tax base and we must make strides in curbing tax evasion in order to ensure we obtain good results in tax collection."

Changing the subject, Cavallo referred to the visit of the Chinese official delegation headed by Vice Premier

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Zhu Rongji, saying: "Precisely in areas like agriculture, agroindustry, mining, and forestry production, Argentina has practically limitless production potential."

The minister in charge of the economy portfolio declared: "China is a market comprising more that 1 billion inhabitants, so as per capita consumption of all these products increases in China, the latter will become a very significant market for Argentina."

This is the reason why Cavallo underscored the "importance" of the Chinese delegation's visit to Argentina.

Following the banquet at a hotel located in the neighborhood of Retiro, Cavallo noted that "there is tremendous potential for trade between the PRC and Argentina, or rather South America, several times greater than present levels."

The economy minister expressed the view that "there may be a boost in trade" between both countries in the future. Bilateral trade between both countries in 1995 grew by 15 percent in terms of foreign trade transactions. Argentine exports to the PRC grew by 30 percent last year.

Argentine President Sees 'Headway' in Ties With UK

PY3001022296 Buenos Aires TELAM in Spanish 1537 GMT 29 Jan 96

[FBIS Translated Text] Buenos Aires, 29 Jan (TELAM) — President Carlos Menem today emphasized that, during 1996, headway would be made in relations with the United Kingdom. He confirmed the goal of regaining Argentine sovereignty over the Malvinas Islands through diplomatic channels.

The president expressed the hope that, "keeping an eye on the future," the government will be able "to achieve what (we, Argentines) have always been claiming since 1883, when our (Malvinas) islands were occupied and not returned."

Menem told Radio America: "Our duty involves achieving this return, this sovereignty claim, without resorting to violence, to force. We already had a clear example of where this type of decision could lead us."

Asked about relations with the United Kingdom with regard to oil and fishing issues, Menem emphasized: "An agreement on (oil) exploration and possible exploitation (in the archipelago area) has been perfectly outlined."

Menem added: "We are still discussing a fishing agreement." He emphasized: "Such an agreement would be good for the United Kingdom, for Argentina, and for the South Atlantic fishing resources, as there would be a possibility of implementing enhanced control to prevent depredatory practices."

Menem said: "I believe 1996 will be a good year for the two sides, especially for Argentina. We will continue to advance concerning the possibility of maintaining excellent relations with the United Kingdom in this area."

Argentina's Defense Minister Admits Arms 'Triangulation'

PY2901172196 Buenos Aires PAGINA/12 in Spanish 18 Jan 96 pp 8, 9

[Interview with Defense Minister Oscar Camilion by Maria O'Donnell at the minister's office — date not given]

[FBIS Translated Text] Oscar Camilion had no sooner sat in the blue velvet armchair in his office than he conceded that "sales of weapons are not always made under ideal conditions." This is the prologue to a lengthy interview with PAGINA/12 during which he related for the first time details of the transaction that resulted in the greatest scandal during his tenure — the triangulation of Argentine weapons, which were consigned to Venezuela but which ended up in Ecuador, precisely when the latter was involved in an armed conflict with Peru. Camilion acknowledged that before the first shipment was made, the Peruvian Embassy alerted that this could happen, but he did not pay much heed to it because he considered it "rather far-fetched," and "other thoughts occupied my mind."

[Camilion] I am not hiding anything. I have no problem whatsoever in saying that it was a triangular operation, a case involving smuggling, a change to the announced final destination. The weapons were consigned to Venezuela, but ended up in Ecuador.

[O'Donnel] The way you put it, it was a case of smuggling that only compromises the carrier.

[Camilion] There is no doubt whatsoever that the carrier must bear considerable responsibility for that.

[O'Donnel] Is it not a government obligation to verify that the final destination of the weapons is as the buyer declares?

[Camilion] Most transactions are made through specialized firms. Very few transactions are made directly between two countries. To tell the truth, the standard practice in arms deals throughout the world is that manufacturers sell weapons to intermediaries, who place them on the market at an opportune moment, which is when they obtain a more handsome profit.

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[O'Donnel] Is that the case of the arms triangulation to Ecuador?

[Camilion] Indeed it is. The intermediary firm, in this case Hayton Trade, was authorized to export weapons through framework Decree No. 103 which established a global number so that the General Directorate of Military Industries [DGFM] could deliver the weapons on request or when they were in stock.

[O'Donnel] So Argentina sold weapons to an intermediary without really verifying their final destination precisely when Peru was at war with Ecuador.

[Camilion] When the decree was issued, there was no indication whatsoever that an armed conflict could erupt between Ecuador and Peru. That was five months before the outbreak of the conflict. Anyhow, the intermediary firm obviously took advantage of this circumstance as it had in its power the decree that authorized it to sell the weapons to the highest bidder. This is just speculation, but there is a solid base.

[O'Donnel] Did Hayton Trade sell the remaining Argentine weapons to Croatia?

[Camilion] Shipments to Ecuador represented a small part of that arms deal, which amounted to some $9 million. The shipment of weapons that ended up in Guayaquil only represents $1 million. The remaining $8 million in weapons are thought to have gone to Croatia.

[O'Donnel] Are they only "thought" to have gone to Croatia?

[Camilion] Argentina asked the United Nations to probe this affair, but so far, it has not received any confirmation. Two Argentine FAL rifles were found in Croatia, but none of the weapons included in Decree No. 103 were detected in that country. Let us recall that thousands of Argentine FAL rifles were left on the Malvinas Islands following the war with Britain, which subsequently sold them. Argentine FAL rifles may be anywhere in the world.

[O'Donnel] There were three shipments of Argentine weapons that ended up in Ecuador, weren't there?

[Camilion] Hayton Trade submitted plans for four flights routed to Venezuela. They were chartered planes with an initial itinerary — Miami-Caracas-Buenos Aires-Caracas. This is the authorization the firm requested and the one Argentina granted.

[O'Donnel] How did the planes end up in Ecuador?

[Camilion] Before the departure of a flight, the pilot submits what is called flight plan to the office in charge of flight plans at Ezeiza International Airport, which simply registers the first stopover. The pilot is free to add another stopover there. When the first consignment of weapons bound for Venezuela was flown in mid-February 1995, Ecuador and Peru had already ordered a cease- fire. In any case, it was a bit fishy that a plane loaded with weapons should choose Guayaquil as stopover because the situation was still quite tense. This caught the attention of the flight plans office duty officer.

[O'Donnel] But there was a second consignment routed to Venezuela via Guayaquil, and even a third one.

[Camilion] The second consignment, which was flown the following day, called the attention of the flight plans office because the flight was also routed to Venezuela via Guayaquil. It was then that Brigadier Juan Paulik (Air Force chief of staff) was alerted.

[O'Donnel] The Air Force chief of staff's deposition states that he subsequently alerted you.

[Camilion] He informed me that there might be a diversion of weapons to Ecuador. At that time, I deemed that there was only a remote possibility of an arms triangulation. I was about to leave for the United States on business and another matter occupied my mind, namely the professional military service.

[O'Donnel] The absence of a reaction facilitated the departure of a third shipment by air.

[Camilion] Remember, we are now reconstructing the events. At that time, we did not have any information on further shipments.

[O'Donnel] I should imagine it would have been quite easy for you to confirm that.

[Camilion] It happened because we neither knew there were to be further shipments, nor did we have any conclusive proof to stop them. When the triangular operation was confirmed, when we had reliable information from Lima, the DGFM suspended the fourth shipment.

[O'Donnel] Yet prior to Paulik's alert and to the first shipment by air, the Peruvian Embassy in Argentina warned the Argentine Government about this.

[Camilion] When the conflict first erupted, we received a warning from the [Peruvian] Embassy about a possible triangular operation of missiles via Buenos Aires. Now, as both Peru and Ecuador had taken steps to purchase weapons in Argentina during the conflict, we thought the reports referred to those negotiations.

[O'Donnel] Did Peru and Ecuador officially try to purchase weapons in Argentina during the conflict?

[Camilion] Yes, but to no avail. This is why, within that context, we did not find anything unusual in the Peruvian alert.

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[O'Donnel] Then the Argentine Government was aware that such a thing could happen and was later informed that it was happening.

[Camilion] The word was that once the triangular operation was confirmed, shipments by air were suspended. It is obvious that the Argentine Government had nothing to do with this and that the triangular operation was a criminal act perpetrated by people who can in no way be linked with the government.

[O'Donnel] The government is responsible, at least, for the lack of control over what was happening.

[Camilion] Control mechanisms failed, but Argentina did not commit any act of aggression against Peru. This would have been the case had the Argentine Government indeed known of the triangular operation of weapons to Ecuador.

[O'Donnel] Why is it being said that the transport company Fine Air belongs to the CIA?

[Camilion] That is just hearsay. Fine Air is a company that has an important fleet that operates from Miami. As shown by this case, Fine Air has no scruples about undertaking dubious jobs because everything leads one to conclude that it knew what it was doing. Fine Air is sometimes said to be linked with the CIA, but these are just rumors.

[O'Donnel] I suppose you would not approve a new sale of weapons that involves the services of Fine Air as the transport company.

[Camilion] After what happened, the Defense and Foreign Ministries are painstakingly examining everything. The Economy Ministry has no longer anything to do with this type of transaction. It wants to back out of the commission that approves weapons sales.

[O'Donnel] And so does the Foreign Ministry. [Foreign Minister] Guido Di Tella argued that the control of weapons sales comes under the jurisdiction of the Defense Ministry.

[Camilion] Pursuant to current legislation, the authorization to sell weapons is given by a tripartite commission, which has the necessary means to confirm if the transaction in question has the final destination reported by the purchaser, be it a country or a company. On this point, the Foreign Ministry, which is in charge of the country's foreign relations, is in an excellent position to verify this final destination. From a political standpoint, the State must assume its share of the responsibility for this and the judiciary should determine whether a government official is liable for breach of duty.

[O'Donnel] It seems the judiciary believes so because it indicted three officials who signed the decree authorizing the sale.

[Camilion] In general, those officials are said to be implicated in the triangular operation of weapons to Ecuador, but the prosecution involves the original transaction, which was authorized on the basis of documents that were proved to have been forged. They have no responsibility whatsoever for the triangular operation.

[O'Donnel] But they approved forged documents that were used for the triangular operation.

[Camilion] They cannot be held accountable for the triangular operation. One could say they are guilty of not having taken the necessary precautions in analyzing the documents, but that is all.

[O'Donnel] Luis Sarlenga, the then DGFM director, has also been indicted.

[Camilion] Sarlenga is of course responsible for the company's policy. One should never forget that it was his responsibility to see that a group of factories — which were experiencing a difficult financial situation and which constituted an important source of income for many workers — stayed afloat.

[O'Donnel] You seem to suggest then that the sale was necessary to keep the DGFM afloat.

[Camilion] the DGFM is not in charge of exerting any control. Moreover, deals have always been made under lax regulations. There is no legal provision establishing, for example, that a certificate should attest the final destination of a consignment of weapons.

[O'Donnel] How much does Argentina earn from the sale of weapons?

[Camilion] Over the last two years, DGFM export earnings averaged $8 million per month. DGFM caters for the domestic market rather than for foreign markets. Unlike other Latin American countries, Argentina is not a major exporter of weapons. It never was, not even during the military regime.

Bolivia

Bolivian Government Minister Makes 'Sudden' Trip to U.S.

PY2901134996 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 29 Jan 96

[FBIS Translated Text] Government Minister Carlos Sanchez Berzain has made a sudden trip to the United States.

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Going over the heads of the Foreign Ministry and the Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking], the government minister has directly assumed negotiations on resources for the financing of the eradication of coca plantations and other antidrug tasks with the United States.

The ministry press department announced that Sanchez Berzain went to Washington on 27 January aboard a Lloyd Aereo flight.

The communique states that he will hold a series of meetings with State Department representatives and with his U.S. counterpart [as heard] with whom he will discuss support programs for coca plantation eradication and overall aspects pertaining to the fight against drug trafficking.

Sanchez Berzain will remain in Washington until 31 January. He will seek to reverse the elimination of the Balance of Payments Program that the United States grants the government in compensation for achieving annual eradication goals.

Despite our faithful compliance with the so-called ultimatum, the Clinton administration announced that, due to its internal deficit problems it will reduce its foreign aid, including aid provided for the antidrug fight.

This aid has been maintained for the past three years, but the level of cooperation has been cut. Annex E, on the balance of payments, was cut from $28 million in 1992 to $13 million in 1995, and will apparently disappear during 1996.

Bolivian Official Discusses U.S. Drug Enforcement Aid

PY3001012796 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 29 Jan 96

[FBIS Translated Text] Bolivia and the United States will resolve in Washington who will finance the eradication of coca plantations in the Chapare region [in Cochabamba Department]. Foreign Minister Antonio Aranibar has said Minister of Government Carlos Sanchez Berzain today began his efforts in this regard. Sanchez Berzain's efforts are aimed at preventing the U.S. Government from eliminating from its economic cooperation program an allocation that totaled $13 million in 1995. With this kind of money, the government can pay, among other things, $2,500 per heactare of eradicated coca plantations in the Cochabamba tropical region.

These efforts had been pending since last year, when the U.S. Embassy announced that the assistance for drug enforcement would be reduced in 1996. Isn't this right, Mr. Foreign Minister?

[Begin Aranibar recording] We have great hopes of being able to achieve results, even though we are aware of the problems existing in this area, the restrictions that have been discussed and have been specifically considered, and the (?achievements) that have thus far been made in this area. [end recording]

If the government's efforts fail, Bolivians will have to use their own funds to finance the campaign against coca plantations. Even though the eradication of coca plantations has been financed by the United States, its domestic economic crisis has reduced its funds, which does not mean that its pressures will be reduced.

Brazil

Brazilian Senator Writes Bill To Cancel Sivam Contract

PY3001141396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Jan 96 Section 1 p 7

[Report by Lucas Figueiredo]

[FBIS Translated Text] The lawmakers who oppose Sivam [Amazon Region Surveillance System] have designed a new strategy aimed at canceling the contract with the U.S. company Raytheon.

Senator Osmar Dias (PSDB-PR) [Brazilian Social Democracy Party] has prepared a bill providing for a public tender for Sivam. Dias, who is accustomed to voting according to his own decisions — independently from Planalto Palace recommendations — obtained the signature of 23 lawmakers in 24 hours, including that of senators who, like him, belong to the government base.

This maneuver annoyed Planalto Palace allies. In order to be approved, the bill needs 41 of the 81 Senate votes. The voting is scheduled for 7 February.

Jose Roberto Arruda (PSDB-DF) [Federal District], deputy leader of the government bloc in the Senate, tried to convince Dias to withdraw the bill.

"If you have any comments on the project, make it within the party," Aruda said. As soon as he realized that Dias would not give up, Arruda changed his tone and started criticizing Dias. "You did not listen to the bloc," he claimed.

The bill was signed by several government base senators, like PFL [Liberal Front Party] members Jonas Pinheiro (MT) [Mato Grosso] and Jose Abreu Bianco (RO) [Roraima], PSDB Senators Ludio Coelho (MS) [Mato Grosso do Sul] and Jefferson Peres (AM) [Amazonas], and PMDB [Brazilian Democratic Movement

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Party] members Ney Suassuna (PB) [Paraiba] and Pedro Simon (RS) [Rio Grande do Sul].

Even Sivam advocates and government allies, like Esperidiao Amin (PPB-SC) [Brazilian Progressive Party], signed the bill.

Signing the bill does not necessarily mean that all those government base members will vote against Sivam. FOLHA has learned that some lawmakers might have signed the bill to avoid deteriorating their image in the eyes of their voters.

However, Elcio Alvares (PFL-ES) [Espirito Santo], the government leader in the Senate, did not like the strategy, and during a plenum session he harshly criticized the reaction by those who oppose Sivam.

Alvares said that the Senate role is to debate the president's message, which asked for the replacement of ESCA [Automation and Control Systems Engineering] by the Aeronautics Ministry, as project manager.

Budget

The SBPC [Brazilian Society for Scientific Development] on 25 January submitted to the Senate the Sivam budget, which the organization estimated after consultation with local and foreign enterprises. The cost estimated by the SBPC is 33 percent lower than those of Sivam, which is budgeted at $1.4 billion.

The document states that "the SBPC has concluded that the project can be implemented at a lower cost and with more local participation than with the current contract." The SBPC recommends a public tender for the project.

Brazilian Senators Ask Cardoso To 'Mediate' for Sivam

PY3001025296 Sao Paulo AGENCIA ESTADO in Portuguese 2115 GMT 29 Jan 96

[FBIS Translated Text] [no dateline as received] Several senators have requested that President Fernando Henrique Cardoso mediate for the approval of the Amazon Region Surveillance System [Sivam] project. He can probably make a statement explaining the government's interest in implementing the Sivam project before rapporteur Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul] presents his report to the Senate committee that is looking into the project. Senators who have been with President Cardoso believe they have convinced him of this idea. "The Senate has no reason to take full responsibility for a project that has started all wrong," a congressman said. "It is up to the president to clarify the doubts," he added.

Tebet's report was scheduled to be voted on by the committee on 31 January, but Tebet today warned that he will only finish working on the report next week. He said he will need more time to analyze the documents he has received from the Aeronautics Ministry and from the (?Supreme) Court. Without President Cardoso's direct involvement, it would be difficult to approve the proposal. A senator asserted: "No one wants to be the scapegoat regarding an issue so full of suspicions." There are charges of irregularities about the choice of Raytheon, which is the enterprise that will suply equipment for the project. According to the Brazilian Society for Scientific Development, this company has allegedly charged 40 percent more for the equipment. [Words indistinct] the Senate for the Sivam loans, to hold a tender bidding to choose the enterprises that will "implement, manage, and supply the equipment for the running of the system."

The date for voting on the report was set by Senator Antonio Carlos Magalhaes [ACM] (PFL-BA) [Liberal Front Party-Bahia]. ACM said that he does not have any way of opposing the postponement required by the rapporteur, although he has maintained the decision to summon the senators for the 31 January session. ACM asserted that it will still be possible to vote on the issue during the period [words indistinct]. ACM said: "It has to be taken out of the agenda." He added that if anybody has anything to say about the Sivam project, they must do it [words indistinct].

Brazilian Party 'Pressure' Seen Affecting Sivam

PY3001033596 Rio de Janeiro Rede Globo Television in Portuguese 0200 GMT 30 Jan 96

[From the "Jornal da Globo" newscast]

[FBIS Translated Excerpt] The PMDB [Brazilian Democratic Movement Party] will hold a national convetion in March to decide on the position it must assume regarding several controversial subjects. There is a list of seven subjects, including public employee job stability, the retirement system, the reelection of the president of the Republic, and the privatization of the Vale do Rio Doce mining complex.

The decision the PMDB members will make on many of these subjects will not please the administration. This could be a kind of pressure to make the president prohibit his ministers from campaigning in the municipal elections that will be held this year. At heart, the issue is whether or not the ministers should campaign in the elections, as Arnaldo Jabor comments:

[Begin Arnaldo Jabor commentary] [passage omitted] The PMDB is now threatening to vote against the constitutional reforms if the ministers campaign in the municipal elections. This is mainly because the current

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PMDB ministers do not please PMDB leaders Paes de Andrade and Jose Sarney. [passage omitted] [end commentary]

There is yet more pressure. Senator Ramez Tebet, rapporteur of the special Senate committee for the Sivam [Amazon Region Surveillance System], who also belongs to the PMDB, today announced that he will not have his report on the Sivam ready for 31 January as promised. Tebet asked for an extra week. He wants to first place on the voting agenda an amendment suggested by Senator Osmar Dias [Progressive Party], from Parana, which already has the support of 23 senators, and essentially calls for cancelling the contract with Raytheon and suggests calling for a bid.

Brazilian Editorial Views U.S. President's Address

PY3001111296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jan 96 p A3

[Editorial from the "Notes and Information" page: "The State of the Union"]

[FBIS Translated Text] Perhaps more than in any other country, politics in the United States is mere theatrics. Americans have a liking for well staged performances, well rehearsed speeches with clever offhand comments, scenes of impact, etc. President Bill Clinton used all resources available to turn his State of the Union address into a remarkable performance to launch his reelection campaign. It was a lucky night. If he maintains this pace, the world will witness the rebirth of a candidacy believed to be stillborn as a consequence of the President's reluctance in the face of international events and repeated domestic policy mistakes. Following the smashing victory of the Republicans in Congress, Clinton modified the orientation of his government style, which has gathered momentum in the past few months. He acted energetically and with determination in the former Yugoslavia; he intervened in the Northern Ireland peace process, trampling over Prime Minister John Major; and he is meeting the challenge of the Republican congressional majority in a manner that does not make him look responsible, in the eyes of the public, for the budget problems that closed federal administration offices twice.

Bill Clinton is telling the American people that his main contender is not himself — as was believed — but the Republican majority. And to tell the truth, this Republican majority is not as frightful as it seems. In his State of the Union address, Clinton challenged Congress several times, he mildly but firmly reprimanded the Republican majority for the impasse it created over the budget, and he boldly held out his hand to overcome their disagreements. According to him, even in matters over which the administration and the opposition differ most, there are points of common agreement. Clinton's strategy is to demonstrate that between what the Republicans are asking for and what he is doing there is no substantial difference; that it is only a matter of style. He recalled the measures adopted in 1993 to reduce the deficit in two years; he accepted the goal of substantially cutting public expenses in seven years; and he became the harbinger of a smaller administration, as he announced that since his election, the size of the Federal Government shrunk by 200,000 employees.

Clinton nonetheless reasserted his opposition to cutting resources for social programs. He asked Congress to hasten the approval of a bill that will prevent health insurance companies from breaking their contract with people who change jobs or who have preexisting illnesses. He stressed the importance of higher education and training during the current period of technological transformations. He recognized that more Americans are working more hours without earning extra payment, and he made the businessmen see that they are responsible for improving the professional quality of their employees.

His speech optimistically evaluated the U.S. economic situation: Under his administration, the country reached the most beneficial combination of a low inflation rate and the highest employment rate in 27 years. Nearly 8 million jobs were created. For the first time since the 1970's, the United States is selling more cars than Japan.

Of the six main subjects Clinton chose as goals, five refer to internal policy. His first concern is strengthening family ties. This means greater presence and responsibility of parents, and sparing children from the harmful effects of television and cigarette commercials. According to him, the prolonged dependency of individuals on the welfare system has been detrimental to family values; therefore, he asked the two political parties to find a legal manner by which to send those people back to work. In the field of health, the goal is to connect every single classroom to the information super-highway and to increase people's access to higher education. His third challenge is to increase the economic security of U.S. workers through professional training. He also urged Congress to increase the currently inadequate minimum wage. His fourth challenge it to face crime. He ordered the FBI to press charges against teenagers as if they were adults for having committed violent crimes and he suggested that landlords break their rental contracts with drug traffickers or criminals. Finally, he discussed the environmental problem, criticizing the 25 percent budget cut determined by Congress for ecological protection. As for foreign policy, he called the public's attention to the U.S. responsibility as one of the pillars

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of peace — but not as policeman of the world — and he urged Congress to ratify the START II Treaty and the Chemical Weapons Convention.

In summary, Bill Clinton has returned to the presidential election race. He got a head start by assuming positions that in the past belonged exclusively to the Republicans, and he gained points before the public by elegantly admonishing Congress.

Brazilian President Cardoso Responds to Questions

PY1901164396 Sao Paulo AGENCIA ESTADO in Portuguese 2333 GMT 17 Jan 96

[Question and answer session of news conference by President Fernando Henrique Cardoso with 12 domestic journalists at Planalto Palace in Brasilia on 17 January]

[FBIS Translated Excerpt] [Luiz Carlos Pinto, TV MANCHETE] Well, we can see that you continue to be optimistic, betting on economic growth and on the performance of the private sector in 1996. Entrepreneurs — the majority of entrepreneurs — seem to continue to be concerned about the possibility of having to face more difficulties with regard to their performance and recession in the coming months. Even though the government has raised objections concerning the unemployment rate, there are incontestable figures for the Sao Paulo industrial area. Entrepreneurs are also criticizing the priority attention that the government has attached to the support extended to banks, which have always been profitable in our country. Well, the question that I would like to ask of you — and I believe it is a question that many entrepreneurs would like to ask — is whether the government has a type of Proer [Program To Encourage the Reorganization and Strengthening of the National Financial System], a type of program to help entrepreneurs who are chained to banks, paying high interest rates, the entrepreneurs who can effectively help the government attain its goals.

[Cardoso] I'd be glad to answer your question. First, what you said about entrepreneurs is not true. The polls that I have, which they themselves ordered, show that all of them have confidence in the country, that they are investing, that they will increase their investment, and that they are increasing their sales. I provided some data here. There are just a few industrial sectors that underwent no expansion, at rates that have surprised the industrialists themselves. I do not mean to say — just like I did not say before — that there are no isolated problems and unemployment in specific areas. The figures I showed are not different. The only unemployment figures available for comparison purposes in Brazil are the ones released by the IBGE [Brazilian Institute of Geography and Statistics] and by the DIEESE [Interunion Department for Statistics and Socioeconomic Studies]. Those are the two indexes I used. The other figures reflect isolated cases. The Sao Paulo industrial sector made a poll in Greater Sao Paulo. It is true that what you said is actually happening there. I do not deny it. We must admit it. I believe entrepreneurs do not want a Proer because Proer is designed for banks that are in very bad condition. The financial sector is doing very badly. Period. What has actually happened is that the financial sector has significantly reduced its participation in the national product, because for the first time a program is effectively benefitting salaries instead of financial capital. Consequently, an imbalance developed in financial capital. We are not rescuing bankers. We are restoring the financing possibilities of the entire sector. This is essential for economic growth. The same thing is being done for the sectors that need the banks. The BNDES [National Bank for Economic and Social Development], even with its operational capital, is doing this in some areas. And the government has taken action in some specific areas affected by export problems, like the shoe sector and — as occurred in the past — in the real estate sector. Yet the government takes action in specific areas. It is not good to generalize and say "everything is bad," because that is not true, and cannot be proven. The latest figures that were published this year show that in 1995, while some people said that industry was not growing, this sector actually grew with respect to 1994. We have to be very impartial in this regard. We should not disregard real facts. There are problems. Yet one should not believe that problems can be resolved by generalizing things. They cannot. As I said here, interest rates are dropping, and you have the figures here. It is true that banks can be affected more quickly, because they are not reducing their interest rates at the same speed at which the government is reducing overnight market rates. That is true. It is true that long-term financing mechanisms should be created. It is true. We did create some mechanisms, like the TJLP [long-term interest rate], which has also dropped. It is true that the BNDES is operating with more determination. The BNDES is lending 1 billion reals [R] per month, more money than the amount the IDB [Inter-American Development Bank] is lending. Where is that money going? To the banks? To the government? No, to industry.

Consequently, I do not deny that there are problems, but I ask for the understanding of the Brazilian industrial sector. I ask it to perceive that, as a whole, when the economy grows, people increase their consumption and the industrial sector also grows, as it is now doing. It is also necessary to see, based on the figures that I have supplied here, that some sectors will be more dynamic than others, because they are in different phases. We

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are now exempting.... I have information that after a poor performance in 1995, the capital goods sector is recuperating this year. And we have also taken measures to help other sectors. Yet those measures have been for isolated cases. That is how things work.

[Pinto] Mr President, aren't any new measures being studied?

[Cardoso] There are measures under permanent consideration. Yet what I would precisely like to change in Brazil is the idea that whenever there are complaints, the government takes action to ease them: One measure here, another one there.... What we have is a policy, not a measure. This policy entails a series of systematic measures, which are being adopted.

[Deliz Ortiz, TV GLOBO] I want to know about the treatment given to the Banespa [Sao Paulo State Bank], treatment different from that given to Banerj [Rio de Janeiro State Bank], which will be privatized. One of the assets included in the negotiations was the Congonhas Airport, the ownership of which is being questioned. Sao Paulo Governor Mario Covas said that the airport belongs to his state. The National Accounting Office [TCU] questions this and claims it belongs to the federal administration. Doesn't that annul the negotiations?

[Cardoso] What a desire to annul the negotiations there is, right? Look at the following: First, what does the protocol that was signed say? It states that the federal administration will provide long-term financing with a determined interest rate to the Sao Paulo administration to allow it to pay its debt to the Banespa. This will represent a heavy burden for the Sao Paulo treasury, which will have to pay nearly R100 million per month. That is the cost of the renegotiation for Sao Paulo. It is not the case that we are giving them money. Second, the federal administration is buying properties from Sao Paulo. These properties include not only the Fepasa [Sao Paulo Railroad, Inc.] — which is a valuable property for the two parties, especially for the federal administration, because it will allow a better privatization of the railway network — and other properties whose value will be verified. Their value has not yet been estimated. If the property does not belong to Sao Paulo, Sao Paulo will offer other property instead. If it does belong to Sao Paulo, we will verify it. There is no problem regarding this subject.

As for Rio de Janeiro, I think that it was a good solution. Now, why was it not good for Sao Paulo? Because the Banespa couldn't be privatized, since it has lent the Sao Paulo treasury $14 billion. How can it be privatized? Who will buy the $14 billion debt of Sao Paulo State? Who has power to collect a $14 billion debt from Sao Paulo State? Only the federal administration can. Therefore, it is not a theoretical matter, of wanting or not wanting to privatize. It is a practical solution.

When I was finance minister, during my installation speech — which perhaps some of you heard — I said, in an impromptu manner, that privatizing is no longer an ideological matter. It is a practical matter. If feasible, privatizing is more desirable. I continue to believe that if it is possible, things must be privatized. This is especially true with banks, to prevent the problems affecting these institutions from being repeated. That is why I am happy at the Banerj solution. But I cannot impose privatization when there are no possible buyers. I must solve a matter that is paralyzing the financial readjustment and the state of Sao Paulo. That is the issue.

[Marta Salomon, FOLHA DE SAO PAULO] Last year, when it was decided that salaries would no longer be corrected automatically, the administration announced that it would implement a special policy. I would like to know whether this policy will come into effect in May, or if the administration intends to postpone a real adjustment for the minimum wage. I also want to know how the retirement pensions and public employees' salaries will be readjusted. I want to know whether the government will use the salary policy to restrain the public deficit.

[Cardoso] The government is not using the salary policy to restrain the public deficit. The minimum wage was readjusted last year. It was the biggest readjustment in history. You have the figures and charts there. It was the greatest readjustment given within this stable policy. We have never had such a high minimum wage. No matter how much it is contested, I stand by what I say. The higher the increase, the better. What is more important, purchasing power never before increased as it did during the past year. It was the greatest moment in wealth distribution I ever heard of in Brazil. Therefore, that is our salary policy.

As for the public employees' wages, our figures show that personnel expenses increased considerably, by approximately 30 percent or more. Public employees' salaries increased by an average of 17 percent in 1995. Therefore, that is our policy. It is a policy of recomposition of salaries. You have charts on this, too — salary recomposition. Therefore, we have a new policy. A policy is a policy; it is not an automatic rule. With a policy, you must adjust the emerging factors. I do not know what will happen from now until May. I have no idea.

[Salomon] Will there be a real wage adjustment?

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[Cardoso] No, but a real increase, yes. That idea is old. That is what all those who think in terms of inflation think about. Not only you — everyone thinks in terms of inflation. Let us begin to forget about readjustment to compensate for inflation. Let us simply pay the best wage possible. That must be the new rule. We cannot think of the future with our minds in the past. As for what will happen from now on until May, in five months, I do not know. What I want to happen is what is taking place now. People who earn a minimum wage are eating more. There is no use for me to grant a wage increase if it will not result in purchasing power. My commitment, my effort, is to increase purchasing power.

I do not want support for a wage increase that will then not be effective. That is why I am not promising anything, because it could get me into a trap. I could promise something that will then not be effective. I am told: Grant an increase! When I grant the increase, the pressures then begin. If I increase the minimum wage, the people will be the ones to suffer, because they will not receive a real increase. The same thing is valid for public employees. We will do what is possible to adjust and balance the public accounts without harming them. I have shown here a scenario of an imbalance in public accounts, and also the opposite. [passage omitted]

[Arlete Milhomem, Radio Bandeirantes] One of the great triumphs of your administration last year was the approval in Congress of amendments breaking five monopolies. Although such amendments were approved during the first half of 1995, discussion of their regulatory laws will only begin in Congress at the beginning of this year or in the next few months. How will the administration expedite the approval of these laws, given that the main part of the subjects have already been approved and their regulations, which are really necessary, have not? How will you expedite their approval, and what instruments will the government use to expedite the process of public services concessions and privatizations?

[Cardoso] There were the laws on piped gas and domestic ship routes, which are still in Congress. Piped gas was basically a state monopoly which is now open. From my perspective, nothing needs a law; all that is needed is action. A national company does not need a law. The telecommunications bill is in Congress, where it is being debated. The oil bill is not ready yet. Why? That is a good question because it reinforces what I said before. The same thing with the concessions. As for the oil bill, Brazil no longer had an oil policy and Petrobras [Brazilian Petroleum Corporation] was acting as the government. It was a company that designed policies. We only had a fuel department and the prices of Petrobras were always very difficult.... etc., etc. That department, which established prices, did not design a real energy policy.

Now the situation is different. Now the national oil council must be remade. This is not a subject you can simply write on and send to Congress because it must be handled very well. It is ready now, and we will send it to Congress. Could it have been prepared sooner? Perhaps, but the fact is that the government has done it.

The other amendments do not have regulations because there is no need for them. I drafted the public services concessions law that was approved. There is no law; there is somewhat of a myth about this. I already said what must be done to be able to make progress in this field. Regarding hydroelectric energy, the DNAEE [National Water and Electric Power Department] must be revamped. However, this depends on the administrative reform, which must be approved by Congress. Without the administrative reform, I have no flexibility to revamp the DNAEE. That is that. [passage omitted]

[Nelson Breve, Radio Eldorado] I want to resume the conversation about the Banespa, to learn the direction the government intends to give to the state banks. The agreement reached with the Sao Paulo administration left other governors very envious. By definition, the Central Bank also opposes allowing state governments to control state banks. I will divide my question into four parts: Do you approve of commercial banks being controlled by state administrations?

Regarding the Banespa, doesn't the solution that was found to it encourage bad administration by the state?

Third — you already spoke about this, but I will resurrect the question — wouldn't the privatization of the Banespa have been a cheaper solution for the treasury? Will the Banespa and other banks escape from being privatized in the future?

[Cardoso] As for your first question, my position is unequivocal. I think that the less states control commercial banks the better for the states and the country. Why? Because those banks end by making political loans, and these political loans end up becoming a burden for the entire population, not only for the state, but for the entire country. Therefore, I think that the transference of those banks to the private sector is good. The Ceara governor is willing to privatize his bank, the Minas Gerais governor already privatized his bank and wants to privatize another one, the Rio de Janeiro governor has approved a mechanism allowing this.

Instead of commercial banks, state administrations could have development banks. I do not know if they should, but they could. However, I do not think commercial banks are a government function because they create

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confusion between the money of the treasury, which really belongs to the people, and private money. Why should the treasury receive loans with money that belongs to the private sector? Then the treasury does not honor its debt and, what is more, it accepts pressures not to repay in due time the loans it receives from official banks. Therefore, my attitude is clear. This clearly answers, as you recognized, the Banespa issue.

It is not because I did not want to [privatize the Banespa] or because Governor Mario Covas did not want to; it is because there was no way to do so. Now, if this encourages the state administrations, I do not know. Why don't you ask if it is better to be in the position of Sao Paulo, which has to pay R100 million per month, with an enormous debt and having lost properties. The governor maintained a very clear position and he helped in the whole process. He warned us that the bank could not be privatized for certain reasons, not for ideological reasons regarding privatization, but because it was simply not privatizable. Second, he also cooperated because he assumed a great part of this responsibility, something governors did not do in the past — it was quite impossible. Part of the Sao Paulo property passed to the federal administration, and then the state must repay its debt. I do not think this is an encouragement. What was the other question?

[Breve] About the privatization of state banks in the future.

[Cardoso] No, no, I already said this. I do not encourage the privatization of state banks.

[Luciane Aquino, Jornal Zero Hora] Two months after the resignation of the INCRA [National Land Reform and Settlement Institute] president, the truce between landless people and the government is over, and invasions have started again. You have just said that settlement targets are being complied with and that funds are being released. What, then, in your opinion, is the reason for the reappearance of tension in the field, how can such tension be eased, and when do you intend to designate a new INCRA president?

[Cardoso] To begin with, there has never been a truce, I have never asked for a truce, and they never granted a truce. They have been invading land all the time. Yesterday I spoke with the Rio Grande do Sul governor, who told me the following: We expropriated a ranch to meet an old demand. The ranch was delivered, the settlement was carried out, and they invaded a neighboring ranch. I believe this also involves a political dispute. I do not deny the legitimacy of having access to land and of the struggle for land, but landless people yesterday invaded three Finance Ministry facilities that have nothing to do with the subject. Where did this take place? It was in Rio Grande do Sul, Sao Paulo, and Parana. Why was this done? Because the Banco do Brasil allegedly delayed the transfer of funds ordered by the Finance Ministry. The simultaneous taking over of three offices is a political action. The same thing happens with the deputies who oppose the reform, who are against reaching an agreement with unions. Some people do not want to admit that we are moving forward. I think this is wrong; I think we should jointly move forward. The government will not take the credit for the settlements. Settlements are, for the most part, the struggle itself. We are willing to give the credit to those who struggled, but disturbances are not good. And those people are causing disturbances. By resorting to that type of political action, the movement will end up losing the people's support for its cause. It is clear that the government is working, that it is striving to resolve the problem, that I am personally involved.

We had many difficulties because it was our first year in office. We did what we promised. However, it has been said that they are recruiting people who have nothing to do with land claims in order to expand the number of landless people making claims. This has no consistency. I am not saying this because I saw it, but because I read it. Nobody can win a political struggle of that magnitude if a social issue is transformed into a police issue. And it is not the government that is doing this. The government does not want this. The government believes that it is really a social issue. In the past, people said the government addressed social issues as if they were police issues. Now the opposite is happening. If a ministry is taken over, you can be sure that I will order it cleared. I do not agree to this. I do not agree to this in a democracy. It is not me who is transforming this into a police issue, but those who are doing it. On the other hand, why should rural owners be unnecessarily burdened with uneasiness? If the government is willing to do things — it is already doing things — let them say where else action should be taken. People should properly register and think as follows: Giving land is not enough. People need training, need assistance. It is very complex. On many occasions, people do not do things, not because they do not want to, but because they do not know how, they cannot, they do not have the means. Appropriate conditions must be created. INCRA, fortunately, could do this. I recently visited Malaysia, where they give settlers three or four hectares, while we sometimes give 50 hectares, and settlers then have no chance to work on those 50 hectares.

It is necessary to consider the occupation of land from another point of view. People from the poorer sector living in the field — I will use a word that does not directly apply to Brazil — are peasants. These people

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are poor, they need assistance, but they are not peasants. If they are given land, what will they do with it? There are some peasants, in southern Brazil, where most people living in the field are peasants. There are different situations. The problem of poverty, which is dramatic, should not be mistaken for something else. We have to fight poverty through the measures that we have adopted. They are medium-term, structural measures. The wage issue should not be mistaken for the land issue either. The situation of all the poor people living in the field will not be resolved by giving them land. They must be given another type of employment. Some people need land, and there is a great deal of land. Land is the cheapest factor in this process. The difficult part of it is to keep the land producing, yielding a profit, and relieving INCRA from the process.

Consequently, I would very much like to again talk with landless people. I would like to personally speak face to face with their leader, whom I know, to become aware of his feelings and to express my own feelings. I have confidence in his own feelings, but he should also have confidence in my feelings. Otherwise, things will not work. He does not have to have confidence in me as a person, but in what we are doing. I don't think it is good to adopt that type of attitude, which is transforming a legitimate movement into a movement that.... What do they really want? Do they really want me to move forward with the land reform process, or do they want to say that the government is inoperative? Is there a political reason there? Have they forgotten the results of the elections? In the next elections we will win again. Not me, but the candidate I support. [passage omitted]

[Clovis Belotto, Radio Alvorada] You acknowledged earlier that senior agriculture officials committed errors during the first year of your administration. We already have reports about an approximately 10 percent reduction expected in this year's crop, and recent weather problems could compound this situation. Is this again a problem for the minister, or do you have a plan to resolve it?

[Cardoso] This problem is up to the minister; to God, since it is somewhat dependent upon rainfall; and to the Bank of Brazil [BB]. Yet, we do not need to formulate any plan because we already have them. In fact, the reduction in planted crop area has been much less than 7 percent. Do you remember what some people predicted in 1995? That the planted area would drop by 20, 30 percent; that no one was going to sow anything....

That prediction did not materialize. It did not materialize because we created new conditions for sowing. We now have to act expeditiously to meet farmers' needs by making funds available in a timely fashion. When I said that in 1995 we were slow, I meant that we were slow in doing this.

Agricultural income is expected to increase by 19 percent in 1996. This will not occur only as a result of restoring conditions for agricultural production, or because the administrations wants it. There are international factors bearing on this expectation. Soybean prices have gone up on the international market, and our orange juice exports are doing well. In sum, there are many factors, and we are expecting our agricultural income to increase by 19 percent in 1996.

I do not subscribe to the permanent outcry of those who are always predicting catastrophic events. A catastrophic event is always horrible. Yet, why should one predict catastrophe when there is none in sight? Why should one bet on catastrophe? Isn't that a form of masochism? When we have a problem, let us resolve it. This is what we did. [passage omitted]

Now, some practices will no longer be accepted; that is, it will no longer be possible to obtain a loan from the BB and think that one will not have to repay it. Every borrower will have to repay his loan. We will let them pay in installments, but they will have to repay it. If the borrower is a big land owner, he will not be entitled to pay a reduced interest rate because he can pay the normal rate. This is what has changed. I feel very calm and confident. I would like farmers to sow more, and I know they will. On 15 January, I met here with officials of a Netherlands bank that will engage in agricultural financing. I authorized that bank, which is specialized in working with cooperatives, to operate here. This is the first time a private bank will engage in agricultural financing here. The president and members of the board of the bank came here to tell me this: We came to Brazil because we believe three countries — Argentina, Brazil, and Australia — will become the world's largest granaries; because we believe positive conditions are being created in Brazil; and because we have confidence in the dynamics of Brazilian agriculture.

If foreigners believe in us and are investing their money here, why should we be permanently hurting ourselves? Let us deal with the problem and resolve it with confidence.

[Regina Mamede, TV Record] Despite your remarkable achievements in Congress last year, most of your problems came precisely from your allied parties. I would like to know if your administration is working on the assumption that this could become worse in 1996, which is an election year, and keeping in mind that those lawmakers will have to defend antipopular issues such as the administrative and social security reform bills. How is your administration going to deal with this?

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The truth is that the opposition has not given you much work.

[Cardoso] I hope things will continue the same way. I mean, with the opposition giving little work, and my allies very little work too, with just minor problems here and there. Now, this is what I expect my allies to do: to defend more energetically what the administration is doing because, in this way, they will obtain votes. Thus, they will have a strong showing at the ballot boxes. For instance, they ought to show that people are eating better, that we are making progress in agriculture, that we have resolved such and such problem, that have worked out an agreement on the social security issue that will guarantee future retirements. I want to assure all retired citizens that they have nothing to worry about, that their retirement checks are and will continue to be guaranteed, and urge them not to listen to the rumors spread by those who are betting against Brazil. Thus, our allies ought to have confidence in and enthusiastically defend the administration. If they do this, our allies will win the election. If they believe they do not have to defend the administration and start heavily criticizing it, that would be a mistake because they would be playing into the hands of the opposition. The opposition could win the election only if the allies fail in defending the administration. If our allies defend our administration, we will obtain a comfortable victory.

[Eduardo Cunha, Radio Jovem Pan] The Brazilian Society for Scientific Development, SBPC, has claimed that if the Sivam [Amazon Region Surveillance System] were nationalized, it would be considerably cheaper. Do you believe the SBPC is wrong, and that Brazil should invest $1.4 billion only in the initial stage of the project?

[Cardoso] Look, before coming here I fortunately read — probably by chance — a FOLHA DE SAO PAULO article on the subject by a major brigadier and another article by a scientist. A scientist sometimes says, space mechanics, and he is talking about the price of a computer. Things do not work like that; I mean I would like to say that people should be humble and talk about what they know, and not about what they do not know. The issue concerning the Sivam, prices involved competition among the world's largest companies. The one bidding the lowest price was awarded the contract. How can one suddenly conduct a study in three days and then say, look, I can get a better price? Brazilian manufacturers can do it. You may read the article — I cannot remember the name of the major brigadier who wrote the article — commenting on previous articles on Sivam claiming that Brazilians can do it, that Brazil exported to the United States I cannot remember what. But, what was the outcome? People must be humble. I am humble.

When I meet with a group of Air Force people who spent years doing that, who hired every consultant they could get, and then give me the information, I would not irresponsibly tell them that everything is wrong. I would not call such and such newspaper, run an advertisement, form such and such company, set up a package and sell the items cheaper. There was an international bidding, involving multinational companies. If prices are set like this, wouldn't the losing bidder protest? Hasn't the losing party said the same thing? Hasn't it tried to quote the lowest price to win the bid? All this is childish.

I even wonder why they become involved. It is unbelievable; I don't know who they are. And I'd rather not talk about the only one I know.... One who writes those articles. Well, this just makes no sense. It is like belittling the other party's intelligence. Things do not work like that. [passage omitted]

[Hugo Marques, O GLOBO] And since you talked about elections, I would like to ask you about reelection....

[Cardoso] No, I did not talk about that.

[Marques] A few days ago, you said your successor could come from the social area. Education Minister Paulo Renato was happy to hear you, and he gave interviews to newspapers.... You then said that your successor....

[Cardoso] You will be soon be giving the price of Sivam.

[Marques] You then said that your successor would have a stronger political profile. Doesn't that profile look too much like you?

[Cardoso] [passage omitted] I did not say that. I said something else: That the winner would be the one whom I support — at least I hope he will. I did not speak about reelection. No, reelection is not an appropriate subject for he whom the people have entrusted with a mandate under some circumstances, for he who is not willing to debate on it. That is not an issue that I should address. [passage omitted]

Brazil: Malan Views Public Debt, Brazil Cost

96SM0053A Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jan 96 p A8 [Special Supplement]

[Interview with Finance Minister Pedro Malan, by Brasilia correspondent Rodrigo Mesquita; place and date not given; first two paragraphs are GAZETA MERCANTIL introduction]

[FBIS Translated Text] The principal threat to the real in 1996 is the disorganized state of Brazil's public finances. In an interview with this newspaper, Minister

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of Finance Pedro Malan said there is no point in expecting a solution for this year. The battle against the public deficit will continue all through the Fernando Henrique Cardoso administration. However, he foresees a more favorable scenario than last year's.

Interest rates will continue their downward trend, but no one should count on an abrupt reduction or even expect to see, within the foreseeable future, rates compatible with those of the developed economies. Furthermore, there is no commitment to a $1.00 exchange rate ceiling. The real might exceed that limit with respect to the dollar, but according to Malan this is not a key issue. The most important thing, he said, is to reduce "the Brazil cost." Following is the full text of the interview.

[Mesquita] What are the biggest challenges facing the stabilization plan in 1996?

[Malan] The basic, fundamental challenge is continuing our efforts to resolve our public finance problem. This involves the federal government, the social security system, the states and municipalities, and the state-owned enterprises. The worst deterioration in 1995 took place in the realm of the states and municipalities. I am convinced that if the federal government's program for cooperation with the states (aimed at cutting the deficit in the states' accounts) is implemented the way we hope it will be, it will prove to be of historic importance in addressing that issue. From the state enterprise side, I think we are doing very well. It is not a big concern. The effects of the privatizations that have taken place since 1991 are already being felt, i.e, we no longer see those demands for injections of capital to cover state enterprise deficits.

[Mesquita] But the deficit in the social security system is still unresolved....

[Malan] You know that is an extremely complex issue. We are dealing here with a delicate political matter; look what happened recently in France (civil servant strikes against social security reform). We are dealing with anxieties, particularly among the aged—legitimate anxieties about the future. Now what I have said, and I will repeat it here, is that the system will have to be changed. No one should have any illusions about that. I was amazed how people here in Brasilia seem to take it in their stride. They are not very interested in discussing the actuarial imbalance in the system we have now and the enormous liabilities we are postponing, shoving them onto the shoulders of future generations.

[Mesquita] I would still like to get back to the public deficit issue. The growth in government debt in 1995 was a factor that contributed to the unfavorable performance of the public accounts and is associated with the high interest rates. What will 1996 be like in that regard?

[Malan] The fact is this: The genius has not yet been born, in Brazil or anywhere else in the world, who has discovered a different way to handle public finance. When expenditures exceed revenues and you cannot raise taxes any further, either you cut spending, increase the debt (external or internal), or print paper money. Our recourse to higher debt simply reflects the disequilibrium we have. But interest rates will be much lower this year, the figures are there to prove that. We keep having these discourses about interest rates, with that long litany of adjectives—exorbitant, stratospheric, obscene, lethal, murderous—but actually little attention is being paid to the fact that if we look at the basic interfinance market rate, the nominal effective SELIC [Special System for Settlement and Custody], we see that it peaked at 4.26 percent a month in March 1995. Now it is about 2.7 percent. That's a 35 percent drop. And there is room for it to fall a little further. That is what people ought to be talking about.

[Mesquita] But from the standpoint of the final borrower, rates are taking a long time to fall....

[Malan] Although those are falling, too. For prime borrowers at some banks, the discount rate on trade acceptance bills is now 4.6 percent a month. It was twice that awhile ago. Now there is a futures mechanism for interest rates, one with different rates for some kinds of products. Some people say that rates are too high on credit cards and on checking accounts with an overdraft privilege. They are, but there is a differential between those rates and other rates everywhere. The United States has an annual inflation rate of less than three percent, and credit card interest is at 17 percent. People who use credit cards know they are paying a higher rate. So it makes no sense to say that rates in Brazil should be the same as international rates. The history in this country in the past 40 years is one of more than 20 years of inflation in excess of 20 percent annually.

[Mesquita] How will the exchange rate do this year? Could the $1.00 limit be breached?

[Malan] First, we have already determined what is the ideal exchange system, the one we think is appropriate for this country. It is the exchange band regime that we have now. It is a wide band, with intraband interventions by the Central Bank. We demonstrated our flexibility last year when we shifted the band not once, but twice. And what I have said is, that is enough. Anyone who looks at the system the way we have been operating it for some time now will know what to expect. There is no reason for the economy to have fixations, psychological barriers of that kind, such as the $1.00 limit.

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[Mesquita] What do you think of the charges by the PFL [Liberal Front Party] that the privatization process is not moving?

[Malan] I do not agree with them because I think there is a very big difference between privatizing a steel company, which is an isolated event, and embarking on the privatization of companies that are actually public utilities. That involves a much more complicated discussion about regulatory regimes, criteria for correcting future prices, etc., that are different because of the very nature of the companies. What England did in this area took a lot more time. But if we look at what is going to happen in 1996, in terms of the privatization of the Federal Railroad System, Inc. (RFFSA), of the electric companies, we will see enormous progress.

[Mesquita] How would you assess the "Brazil cost?" It is directly connected to the inadequacy of the reforms enacted last year to deal with the trade deficit. Might there be some impact on this horizon in 1996?

[Malan] I have no doubt about that. But what we need to do is give up this fixation with the calendar year. Not everything has to happen in 1996. The main reason why Argentina has been able to maintain a fixed exchange rate on the basis of one-to-one for the past four and a half years is precisely that it has made enormous progress in boosting the average productivity of the economy by reducing what we might call the Argentina cost. And we are going to have to do that here, too.

[Mesquita] And what about the Central Bank? Apparently, you have given up the idea of an independent Central Bank.

[Malan] No, that is not true. Actually I never wanted to use those words because I think they conceal more than they reveal. I would not count myself among those people who are naive enough to believe that in this political-institutional context, where there is a relative lack of solidity of certain institutions, an independent Central Bank would by itself guarantee the conditions for economic stability. However, there are two things that I have been saying, and arguing for: first terms of office for the president and directors of the Central Bank. I think it is important to ensure and permit continuity in a plan of action. And the other issue involves just one little phrase in the Constitution: we need only say that the primary responsibility of the Central Bank is to try to guarantee the purchasing power of the nation's currency.

[Mesquita] What does this have to do with Minister Serra?

[Malan] Most of these things are what I call cafe talk, when people have nothing else to say. Obviously, in any administration in any country in the world there are differences of opinion and viewpoint that are legitimate and positive. As regards the specific case you mentioned, I think that anyone who takes the trouble to look at what Serra and I have said in public throughout the last year will see that we have complete affinity on the fundamental questions of the stabilization program.

Chile

Chile Chosen To Join Asia-Pacific Executive Committee

PY2601112296 Santiago EL MERCURIO in Spanish 21 Jan 96 p C2

[FBIS Translated Text] The Chilean delegation attending the fourth Annual Conference of the Asia-Pacific Congressional Forum has obtained the nomination of Chile to the Executive Committee of this organization for the 1997-98 period. This congressional delegation, which is headed by National Renewal Senator Sergio Romero and Christian Democratic Party Deputy Zarco Luksic, has obtained the inclusion of our country in the top organization of this forum, which is meeting today in the city of Cha-Am, Thailand. Chile will join this Executive Committee as of 1997. The other members are the United States, Japan, Australia, Korea, and Papua New Guinea.

Chilean Committee Urges End to Institutional Senators

PY1801222896 Santiago EL MERCURIO in Spanish 17 Jan 96 pp A1, A9

[FBIS Translated Excerpt] Valparaiso — The Senate could start debating on the so-called Frei Proposal comprising the human rights and constitutional reforms bills by March.

This was confirmed yesterday by two members of the Senate Constitution, Legislation and Justice Committee, Senators Anselmo Sule (PRSD) [Radical Socialist Democratic Party] and Sergio Fernandez (institutional senator).

The Senate Constitution, Legislation and Justice Committee yesterday approved an amendment to the Constitution eliminating the existence of institutional senators as of 1998 by three votes against two. The senators who voted in favor were Miguel Otero (RN) [National Renewal Party]; Juan Hamilton (DC) [Christian Democratic Party]; and Anselmo Sule (PRSD). Those who voted against were Sergio Fernandez (Institutional senator) and Hernan Larrain (UDI) [Independent Democratic Union].

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Senator Otero explained that his vote is not tantamount to a commitment with the elimination of institutional senators but rather that "there has been no debate on the type of Senate we want." He said that his vote seeks to enable a basic discussion on the issue.

At any rate the future of the constitutional amendments is uncertain because there are not sufficient votes to approve them in the Senate.

The original proposal called for the Senate to vote on the idea to debate the bill in the last week in January so as to determine the fate of the two bills included in the Frei Proposal. [passage omitted]

The administration has persistently expressed its interest in resolving the fate of the Frei Proposal in January.

Nevertheless, Interior Minister Carlos Figueroa said yesterday that the Frei administration intends to go forward with the constitutional reforms either now or in the future because amending the 1980 Constitution is part of the political modernization of the country.

If the Senate does not approve the amendments, Figueroa said that the administration will not only insist on them after the holding of the 1997 legislative elections but also on all the constitutional amendments encompassed in the CPPD [Coalition of Parties for Democracy] government program.

Denying that the administration or the CPPD is responsible for the final fate of the constitutional amendments, which are currently in the Senate, Figuera said that "quite frankly, the issue is now in the hands of RN." [passage omitted]

Chilean Government To Participate in Prats Trial

PY2701014596 Santiago EL MERCURIO in Spanish 25 Jan 96 pp A1, A10

[FBIS Translated Text] The Chilean Government yesterday afternoon decided to be party to the Buenos Aires suit against Chilean citizen Enrique Arancibia Clavel, who has been indicted for his alleged involvement in the assassination of former Chilean Army Commander General Carlos Prats and his wife, Sofia Cuthbert.

The Argentine courts immediately accepted this request. According to Chilean Interior Minister Carlos Figueroa, this means that Chilean interests will be properly represented in the trial process and Chile will be allowed to directly protect its interest and exercise its defense "to decidedly cooperate in the legal proceedings of this case, which seek to establish the truth of what transpired regarding General Prats' assassination."

In addition, the administration yesterday requested that the National Defense Council also be party to the suit in compliance with its Organizational Law.

In so doing, the Chilean Government will take part in the suit against Arancibia Clavet, who was arrested on 19 January in Cordoba, Argentina. Nevertheless, Argentine President Carlos Menem reported about his arrest only on 22 January. After this, the Argentine Government reported the results being achieved in the Prats case almost 22 years after the killing of the former Chilean military chief.

The Chilean Government's decision is in compliance with its policy to support, through legal means, any progress that may be achieved in human rights violations cases. According to ruling party leaders, this attitude is what differentiates the previous administration from the current one because the latter has decided to limit its statements and support legal proceedings. The examples cited were the Letelier case, the Leighton case (in Italy), the slain communist leaders case, and the case of transportation union leader Carlos Herrera Jimenez.

The administration has refused to attribute any political connotations to the Prats trial. Interior Minister Figueroa has stated that he hopes it will not affect political-military ties, and it was not possible yesterday to obtain any comments from the Defense Ministry.

The Army broke its silence on the case only after Senator Jorge Lavandero (PDC) [Christian Democratic Party] and other legislators said that General Augusto Pinochet should resign as Army commander.

As for General Prats relatives, his three daughters — Sofia, Cecilia, and Angelica — met yesterday with President Frei. At the end of the meeting, they commented on the government's decision to be party to the suit against Arancibia, and asserted that for the first time in 22 years, they feel they are supported by the Chilean Government.

They said they believe this decision will mark the path that the Chilean Government will follow to back the legal proceedings conducted in Agentina.

During a meeting with Guillermo Piedrabuena, acting National Defense Council chairman, Figueroa submitted a written petition through which the Executive Branch requests that the National Defense Council participate in the case against Arancibia.

The administration announced its decision early yesterday afternoon after holding a series of meetings at the La Moneda Government House.

The first meeting was held in the president's office and it started at 0930. It was attended by Foreign Minister

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Jose Miguel Insulza, Justice Minister Soledad Alvear, and Acting Defense Minister Jorge Burgos.

During the meeting, those present received the document requested from the Chilean Embassy in Buenos Aires and a legal study prepared by Interior Ministry advisers.

President Frei made the decision and the pertinent instructions were passed on to Carlos Appelgren, Chilean charge d'affaires at the Chilean Embassy in Buenos Aires. In addition, Attorney Ricardo Rosas was appointed to represent Chilean interests before the Argentine courts.

In the proper brief submitted to Argentine Judge Maria Servino de Cubria, the State and Government of Chile report their decision to participate in the legal proceedings in view of the damage caused by the assassination of General Prats and his wife.

According to Interior Minister Figueroa, being an injured party in a legal process implies the possibility of undertaking legal proceedings at the penal and civil level. He added that this is a very important decision because in the Argentine penal process, it is the prosecutor who has a monopoly of the trial. Figueroa added: "Therefore, the judge's decision is highly important for the State and Government of Chile."

With regard to the eventual cooperation that the Army may render in the case, Military Prosecutor General Fernando Torres Silva said yesterday that this would be very difficult to do because the incident occurred 22 years ago.

Regarding the attack against General Carlos Prats and his wife in Buenos Aires on 30 September 1974, Torres Silva said: "I have no opinion on the case. The only information available is that rendered in long and exhaustive press reports."

Regarding reports that Arancibia Clavel was reportedly a member of the disbanded DINA [National Intelligence Directorate], Torres Silva said that he would have to be acquainted with the process and have the pertinent background information on the case. He added: "This is an old story which resurfaced recently and which should not surprise anyone because it was included in some of Michael Townley's testimony" [dealing with the Letelier case].

Nevertheless, after their return to Chile from Buenos Aires, the Prats sisters, Sofia and Angelica, and their attorney, Pamela Pereira, said yesterday that the attack against their parents undermines the Army and national security.

During a news conference held at the Christian Churches Social Assistance Foundation, they said that the Army cannot cover the expenses of an incident investigated abroad. They added that the high-ranking military command must assume its responsibility and supply all the pertinent background information it has available to clarify the attack in which the former Army commander was killed.

Attorney Pamela Pereira said that the Prats case affects national security, since no Army of any country "can have some of its members questioned for a crime of the magnitude of the assassination of a former Army commander, because it undermines the institution."

Chilean Minister: Case Not To Affect Ties With Argentina

PY3001013596 Santiago LA TERCERA DE LA HORA in Spanish 26 Jan 96 p 7

[FBIS Translated Text] After decorating Paraguayan Ambassador to Chile Horacio Nogues, who concluded his mission in our country, Foreign Minister Jose Miguel Insulza yesterday told the press that relations between Chile and Argentina are not affected by the investigations being carried out in that country regarding the murder of General Carlos Prats, just as in the cases of the murder of [Orlando] Letelier in the United States and of [Carmelo] Soria in Spain.

When the minister was asked whether he sees this fact as an isolated case involving an individual or whether it was an attack conducted from Chile, he said that on this matter "there is a very clear image that this type of thing corresponds to a plot executed by a group of people, but not by personalities." He added that concerning the reasons, the who and the why, and the context in which the attack was carried out, the courts are the ones to give an opinion on this.

Referring to the Letelier and Soria cases, he said: "Frankly, just as with those cases, I do not see why this case should affect international relations." Now, the Argentine judicial system is investigating and we are cooperating with them and trying to clear up the case. He explained that in the Prats case, the Chilean Government, as a state, has become part of the process, which was predictable, and that in the Letelier and Soria cases, there had been a number of demands extended by a special judge.

Chile's Frei Sees Argentine Cooperation in Case

PY3001015296 Madrid EFE in Spanish 1528 GMT 27 Jan 96

[FBIS Translated Excerpt] Santiago, 27 Jan (EFE) — Chilean President Eduardo Frei hopes that justice will

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be done and that a thorough investigation will be carried out in the process being held in Argentina concerning the assassination of former Chilean Army Commander General Carlos Prats in 1974.

"We want truth and justice to prevail. We will follow up on the process," said Frei in Iquique, 1,857 km north of Santiago, according to press reports published today.

Frei added that for his government it is "quite positive" that an investigation of this case is being carried out in Argentina.

He said that the Chilean Government has shown interest in the process and that it is asking the State Defense Council to carry out a thorough investigation on all the background material related to this case.

Frei added that Chile will provide all the cooperation requested by the Argentine judicial system. [passage omitted]

Chile: 'Political Implications' of Peru's Auto Decree

PY3001022196 Santiago EL MERCURIO in Spanish 26 Jan 96 p C4

[By special correspondent to Iquique Valentina Giacaman]

[FBIS Translated Excerpt] Iquique — President Eduardo Frei has said that the Peruvian decree forbidding imports of second-hand vehicles — which affects mainly the First Region — has no political implications, and much less is it related to the problem of El Chinchorro.

He added that during his visit to Iquique an official report on the problem will be released.

The president arrived at the Diego Aracena Airport in Iquique shortly after 2100, accompanied by Public Works Minister Ricardo Lagos and Senators Sergio Bitar and Carmen Frei.

The measure adopted by the government of President Alberto Fujimori has caused a great impact on the Iquique Free Trade Zone (Zofri), the administratioin of which will request background information from the Chilean Foreign Ministry to determine whether the suspension of imports of second-hand vehicles by Peru is legal.

The Iquique administration thus wants the Chilean Government to establish whether there are some clauses in the multilateral and regional commitments, or rules provided for in the WTO framework, concerning a measure of this type which is adopted in a country and which has economic repercussions in another.

The request submitted to the Chilean Foreign Ministry is one of the measures the Zofri administration is studying to protect the rights of its clients, it was said.

The Peruvian gazette on 23 January published urgent decree No. 005, issued by President Alberto Fujimori, suspending imports of used vehicles, arguing that the notable shortage affecting the Peruvian automobile supply had been solved. This latter situation had prompted, in 1990, the issuance of a measure liberating imports of those vehicles. [passage omitted]

Colombia

Colombian Envoy Interviewed on U.S. Decertification

PA2901184296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[Telephone interview with Carlos Lleras de la Fuente, ambassador to the United States, by Dario Arizmendi and an unidentified reporter in Santa Fe de Bogota and by Diana Montoya in Miami — live]

[FBIS Translated Text] [Arizmendi] We are interviewing Carlos Lleras de la Fuente, Colombian ambassador to the United State, who has been Bogota since Saturday as scheduled. Good morning.

[Lleras] Good morning, how are you?

[Arizmendi] From a practical standpoint, what can happen to Colombia if the country is not certified [by the United States]?

[Lleras] Speaking hypothetically, since I hope that Colombia, will not have this problem, decertification will bring the elimination of tariff preferences, sanctions of different kinds in the area of commerce, U.S. opposition to foreign loans at bilateral [as heard] organizations, and, most of all, a tremendous loss of image in the community of nations. For that reason, we must strive as hard as we can to prevent that from happening and, most of all, to prevent the domestic problems and differences that are now afflicting Colombian from hurting our image abroad.

[Arizmendi] Some sectors have said that the United States will not issue a certification of Colombia so long as Ernesto Samper Pizano is president. What do you know about that?

[Lleras] That would be something tremendously unfair and would also entail a totally shocking meddling in Colombia's domestic affairs. The crisis that the country is going through has no relation with the, exemplary to say the least, actions Colombia carried out in 1995 to fight drug trafficking.

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[Arizmendi] People, or some people, are wondering why has Carlos Lleras de la Fuente not resigned, as other ambassadors have?

[Lleras] Because I hold the very serious and great responsibility of defending the nation's interests in the United States, a responsibility that perhaps may not be as important in other countries. Everything depends on the conscience of every person and the sense each person has of what is at stake at any given time and the responsibility for which one is accountable to the country. I think that one has to be accountable by being until the last day involved in a process that may entail some damage to Colombia and strive as strongly and as much as possible to prevent this from happening.

[Reporter] Can one understand your attitude as an act of political solidarity with President Samper?

[Lleras] No, I am... [pauses] I am the ambassador of the government, of President Samper, in the United States. I have made the very clear decision to stay on, defending the interests of Colombia that were entrusted on me. I must defend them in the face of any attempt that may exist in the United States to hurt those interests. I must respond not only to the president but to Colombia and Colombians for the defense I conduct and the performance of my duties.

[Reporter] Do you believe in the innocence of President Samper?

[Lleras] That matter is not within my purview. It is a topic that is being handled — and I has proposed it that way — within the country's institutions, in accordance with the Constitution. For that reason, and begging your pardon, to ask all Colombians as the news media have done to comment on topics that fall within the purview of justice has only created a climate of division and confrontation that in no way serve the nation's interests.

[Reporter] Do you believe that all Colombians should adopt your stance of waiting for justice to decide before shooing the president out of office?

[Lleras] First of all, I do not think it is possible to push a president out of office. I think President Samper is and has always been open to hold talks with all of the country's political and economic sectors. I think these sectors and the government must make an enormous effort to design a major national unity program and keep these divisions and confrontations from taking place. I lived through it in the 1940's and 1950's, I watched how violence was fostered around the confrontation and division among Colombians, and I personally suffered the effect. I think the country should not go through that phase again.

[Reporter] What is your opinion of Humberto de la Calle?

[Lleras] I have known De la Calle for many years, since he was prosecutor general. He is a man of very high qualities. I had the chance to work with him in different topics when we practiced law. Afterward, we went through the entire development of the National Constituent Assembly, he as a member of cabinet, and I as a member of said Assembly. I think he is a man of high qualities.

[Arizmendi] Do you meet often with former President Cesar Gaviria in Washington, since he is the OAS secretary general?

[Lleras] We run into each other with some frequency. I have had the pleasure and honor of receiving his invitations on several occasions. I have invited him many times. Therefore, we maintain a cordial relation.

[Arizmendi] Do you discuss the country's political situation.

[Lleras] No, sir. The political situation is a topic I rarely discuss in the United States, as ambassador of Colombia.

[Arizmendi] Why are 1 March and 31 March are key dates for Colombia, in terms of the decertification by the United States.

[Lleras] On 1 March the U.S. Government submits a report on the certification, and on 31 March ends the deadline the U.S. Congress has to comment on that report.

[Arizmendi] Regardless of the outcome on the certification, do plan to resign your post on 31 March.

[Lleras] Most likely.

[Arizmendi] Why?

[Lleras] After many months of very hard, arduous, and frustrating work in the United States, my fundamental duty would come to end with the completion of this process. I, and my wife agrees, feel that it is time to return home.

[Arizmendi] Here is Diana Montoya from Caracol's international information center in Miami with the following question.

[Montoya] There are strong voices in the United States, as strong as that of Jesse Helms, stating that it is impossible to cooperate with a country that has president — and a Helms spokesman said verbatim — in bed with drug traffickers. There are other voices, like THE WASHINGTON POST that acknowledge that

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not certifying Colombia for its struggle against drug trafficking would also be very hard for the United States. How will you conduct this process you must begin now that lasts until the certification is issued of making contacts and talking to personalities. What is your work as ambassador? Who do you have to talk to? Who needs to be convinced?

[Lleras] The process started a long time ago. We are now preparing a publication to be out next week, showing Colombia's excellent and exemplary performance in 1995. It will be presented worldwide. I try to explain to the Congress and the public administration how the crisis and problems the country is facing have in essence no relation with what has been and is the daily struggle against drug trafficking. Colombia has not lowered its guard in the midst of these problems, and will certainly will never do that. For that reason, the struggle against drug trafficking cannot and must not and will not be hurt by country's domestic problems. That great [words indistinct] Senator Helms, who you [words indistinct] extremist, will not have sufficient backing to try to decertify Colombia, something that would send the wrong message to the countries of the world, as it would amount to saying that the country that has worked the hardest to fight drug trafficking is punished within this process.

[Arizmendi] When do you plan to meet President Samper?

[Lleras] Today, Dario.

[Arizmendi] When do you return to Washington?

[Lleras] At the end of the week.

[Arizmendi] Thank you for talking to Caracol network and a happy return to the United States. I wish you success.

[Lleras] Thank you very much, it was good talking to you.

Colombian Envoy Discusses U.S. Certification

PA3001040896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0030 GMT 30 Jan 96

[Interview with Ambassador to the United States Carlos Lleras de la Fuente by an unidentified reporter; place not given; from the "Testimony" program — live or recorded]

[FBIS Translated Text] [Reporter] One of the consequences Colombians dread the most in the current crisis is the decertification of Colombia. We are accompanied on the "Testimony" program by Carlos Lleras de la Fuente, Colombian ambassador to the United States. Mr. Ambassador, is the certification being canceled?

[Lleras] I hope not. We are exerting all the necessary efforts to separate the issue of Colombia's role in the struggle against drug trafficking and the political crisis afflicting the country in order to prevent, as much as possible, the latter from affecting the former. Naturally, the country's internal crisis creates an international image that is not exactly the most favorable. It creates doubts in Congress about the country's capability to handle its problems. Questions arise, for example, about whether an effective struggle against drug trafficking can still be waged amid this crisis. I have managed to appease them in this concern, insofar as the country does not suspend its actions, and, likewise, the government is working intensively with the National Police and the Armed Forces in general to maintain this pressure against criminals. In this way, no one can say the political crisis we are experiencing will have negative consequences for the struggle against drug trafficking and, in turn, the cooperation we must maintain with the United States, to which we are committed.

[Reporter] You said in a radio [word indistinct] this morning we are making things easy for the United States, for the U.S. Government. What did you mean by that remark?

[Lleras] I was answering a question I was asked in that regard. We are making things easy in an involuntary way, but events such as the Santacruz breakout occur when the situation is favorable for the country. This is called making things easy, albeit involuntarily. Just as we were recovering from the Santacruz breakout, the political crisis in which the country is immersed broke out; therefore, we always face some kind of crisis, and this renders difficult the work in the United States. Moreover, the information received there is information from press correspondents who are normally not well informed or objective. The neutralization of this type of point, regarding the Senate, the House of Representatives, and government officials, demands a permanent and tireless activity.

[Reporter] In the hypothetical case that President Ernesto Samper resigns from the Presidency of the Republic, do you believe that event could help the certification?

[Lleras] That is a question I cannot answer as an ambassador. I cannot even imagine that hypothesis. I believe, consistent with what I said previously, the internal crisis must be kept separate, as much as possible, from Colombia's role in the struggle against drugs throughout 1995, which was magnificent.

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[Reporter] Mr. Ambassador, what solution do you foresee for this governability crisis?

[Lleras] I cannot comment on internal politics, but the only thing I tirelessly say is that we must seek all the solutions that tend to unite all Colombians rather than choose one that will separate us and provoke a confrontation. On this point, I coincide with prominent people in Colombia. We have met with some of them and have exchanged views regarding the need for a national agreement, and we have analyzed the country's situation in its true gravity, seeking formulas that are acceptable to the large sectors of our public and that do not create a division. These divisions provoke situations of violence that may lead to critical events in Colombia; we have already experienced these events on other occasions, in previous years. I personally suffered these events and have experience dating back many years on this type of division, either in the social or political sectors. These divisions are tremendously grave in either sector.

[Reporter] As you must have realized, we are experiencing a climate of tremendous uncertainty and mixed emotions. As Colombia's ambassador to the United States, what message of hope and peace can you give the Colombian people?

[Lleras] I believe the positions have become somewhat radical, and we need something, some sort of catalyst. We need a group of prominent individuals to meet to discuss the issue and to propose acceptable solutions for the various sectors, including the president of the Republic and the government. For the time being, I get the impression there is a strategy of attack and defense on the two sides, and I want to remain neutral. I have not participated nor am I considering to participate in this internal process in Colombia, because this is not my duty. This policy of attack and defend is increasingly inflicting deeper wounds, generating larger conflicts, and making it even harder to reach a great, national consensus. Colombia has been able to reach a national consensus during serious periods of crisis in the past and should be able to do so once again.

[Reporter] What [words indistinct] after eight Colombian ambassadors have resigned in various parts of the world, and what consequences might this have on our international image?

[Lleras] This is a complicated question, because I obviously believe each person adopts the decision his conscience tells him to. Certainly, serving as a government official inside the country and serving abroad are not the same thing. When one is abroad, one must fulfill the responsibilities inherent in representing the country, not necessarily the president of the Republic but, rather, the country as such, its image, and interests. One must explain to foreign governments the different processes being followed. One must explain to them how Colombia has an institutional organization enabling it to gradually resolve its problems within the framework of the constitutional guidelines. In addition, one must explain to them how democracy, freedom of the press, and respect for human rights are upheld.

I believe diplomats are responsible in times of crisis for defending national interests without taking any particular side. I have witnessed this point in the case of the diplomatic corps of countries that have experienced serious crises. For instance, Brazil, the United States, and many other countries that have gone through serious crises and, obviously, their diplomatic officials, in general, have adopted a position to continue defending their country abroad. These diplomatic officials have particularly supported the idea I have stressed: that despite the crisis, Colombia has a system enabling it to guarantee the viability of the democratic system and institutions that will help solve the country's problems within constitutional parameters. It is pivotal to give this guarantee to friendly countries.

[Reporter] To conclude, there are some people who argue you will resign from your post once the United States approves Colombia's certification. Is this true?

[Lleras] This is true. The process should conclude around 31 March, when Congress is expected to issue its final position on the certification. I believe it would be wonderful if I succeed in this matter; if I do not, it will be quite regrettable, but it will not be due to any neglect on my part. After this goal, I will be completing a particularly difficult phase in my life, perhaps, the most difficult I have experienced in all these years as Colombia's envoy to the United States. Even though people believe that being appointed to a diplomatic post is quite restful, all of a sudden one finds oneself returning to Colombia to take a respite from the embassies.

[Reporter] Do you mean the U.S. Embassy?

[Lleras] You cannot rest from that one. As I was saying, one must return to Colombia to take a break from the embassy.

Colombian Envoy to U.S. Separates Certification, Crisis

PA3001033596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 30 Jan 96

[Interview with Carlos Lleras de la Fuente, ambassador to the United States, by unidentified reporters; place,

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date not given; from the "Panorama" newscast — recorded]

[FBIS Translated Text] [Reporter] The Colombian ambassador in Washington is with us on Panorama. Dr. Carlos Lleras de la Fuente, despite your responsibility on the certification, have you ever thought of resigning at any time during this crisis?

[Lleras] No, never, because I believe an ambassador should hold the country's interest above any consideration of internal politics.

[Reporter] Ambassador, don't you think the presence of Ernesto Samper in the Colombian presidency is the main obstacle to obtaining the certification?

[Lleras] No, I do not believe so. I believe the crisis in the country will cause us additional difficulties, because of the media reports that are being broadcast and the type of arguments that the enemies of Colombia and of certification can use at a given time. What we have to do is maintain totally separate — and this is my job — Colombia's work in the struggle against drug trafficking in 1995 and the current Colombian political crisis.

[Reporter] Does the president know all the reasons that could cause us to lose the certification?

[Lleras] Of course.

[Reporter] Would it be exaggerated to say that we have a 90- percent possibility of losing the certification?

[Lleras] I believe our position is better than that. Naturally, I trust our possibilities will improve greatly in the measure that our work advances, when we are able to distribute a publication we are preparing at the embassy in Washington currently, and we can talk with congressional leaders.

[Reporter] Are you doing the things you are doing — some people say they go against your moral principles — for Colombia or for President Samper?

[Lleras] The things I do are to defend our national interests. I have not even had time to think of my own interests, among others, and much less, of course, of going against my moral principles, which are securely implanted.

[Reporter] Why is it that since Fernando Botero made his statements, we have not heard you strongly defend the president of the Republic?

[Lleras] Because it is not my job, as Colombian ambassador in the United States, to either intervene in the domestic problems which, as stipulated in the Constitution, are handled in the legal sphere here or go out to defend the president of the Republic.

Former Colombian Minister Warns U.S. May Support Coup

PA2901190696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1735 GMT 29 Jan 96

[Report by Carlos Gomez Herrera; from "The Midday Newscast"]

[FBIS Translated Text] Retired General Fernando Landazabal Reyes, former minister of defense, today warned the country that the United States has a network of espionage and radars controlling information throughout the national territory. He said this may facilitate a military invasion in Colombian territory.

[Begin Ret. Gen. Landazabal Reyes recording] This is very serious. They may launch and invasion or stage a coup. They may come to Bogota, seize Bogota, apprehend the prisoners charged with drug trafficking, and take them away. They may come to Cali. They can do all they want because they have all the information they need.

In Colombia, they have installed their radars with the approval of governments. There is a network of espionage of the United States here. They can do all this, thereby violating national sovereignty.

They can also apply what we, military officers, call a strategy of indirect approximation. Given its dissatisfaction about the border dispute, they may encourage Nicaragua to claim San Andres y Providencia like they did when drug trafficking controlled San Andres y Providencia. Then the government was forced to take immediate measures to avert a conflict with Nicaragua, supported by the United States.

But looking at the situation of Venezuela, the Venezuelan petroleum, and Venezuela's internal unrest and the presence of Mr. Caldera — who is not a good friend of Colombia — they may also take advantage of that to encourage Venezuela to punish Colombia in its borders. [end recording]

These were statements made today to Caracol Network by Ret. Gen. Fernando Landazabal Reyes, former minister of defense, on the events taking place in Colombian territory.

Colombian Ex-Lawyer for Samper Supports President

PA3001035196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[Telephone interview with Antonio Jose Cancino, former attorney for President Samper, by Dario Arizmendi,

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from "Caracol's 0600 to 0900" newscast; place not given — live]

[FBIS Translated Text] [Arizmendi] Greetings to Dr. Antonio Jose Cancino. Good morning, Dr. Cancino.

[Cancino] It is a pleasure. Good morning, Dario!

[Arizmendi] We hear the same voice, your usual tone in spite of threats and of having to hide who knows where as a result of what has been done against you.

[Cancino] Yes. I am an honest, brave, and firm man, in spite of this vicious clobbering we are enduring.

[Arizmendi] Threats have increased in recent days, Dr. Cancino?

[Cancino] Yes, without a doubt. I have no doubt that some people do not want the president to have an attorney like me, who explains things as they are, who attacks injustice, who opposes the attack on due process. I can understand that, but these are things coming from a lawyer with his codes who has ventured into other areas. Arguing what a clause says — or asking someone to respect privacy, honor, and so forth, through a petition — is useless because, despite the Constitution and all the laws, we are seeing continual offenses not only against the president, but against innocent people like the one [Maria Teresa de Arias] you interviewed just a few minutes ago.

This is a runaway horse that can be stopped only by a radically normal situation, which is what the country needs. Confidence was placed in people who perhaps were sincerely interested in getting to the bottom of a matter, but who suddenly went out of control. Nowadays the law is not respected. There is no legal framework.

[Arizmendi] No legal state. Do they want to overthrow the president, Dr. Cancino?

[Cancino] This is evident. Dario, as an attorney I will tell this to the country: Everyday I love and respect the president more. No other president would have done out of love for Colombia what Samper has done: To sit in front of a television set to see a man saying a bunch of lies with absolute impunity and without any prosecutor preventing that.

We just heard an honest, quietly honest, lady telling the country that she is not a drug-trafficker.

This man — Medina — appeared on television and said that the president had belonged to a board of directors, but, why did he not report Samper's refusal to accept that appointment and that he said: I do not accept the appointment?

This is a travesty of the law, a travesty of the proceedings, taking place on television, against the president, by an indicted man, and the prosecutor general has not reacted by revoking benefits or by adopting decisions enforcing respect due to the president, respect the prosecutor general must enforce as the country's litigating authority, so that flagrant crimes do not occur.

I see this with utmost indignation.

[Arizmendi] As you see it, Santiago Medina should not have been interviewed to say what he said.

[Cancino] Interviews are okay, but lies are not. He trampled everything.

[Arizmendi] Much international damage has been done to Colombia with those two false charges.

[Cancino] The president had expected that the legal authorities would prevent a flagrant crime. The Investigating Committee has analyzed this. I presented... [Cancino pauses] a journalist published something — a journalist I undoubtedly do not want to talk about — and I presented a correction to him, but he has again published the document without the correction, showing an undescribable lack of fair sense.

[Arizmendi] Dr. Cancino, is the media going through a crisis in reporting this crisis? Are they not behaving at the level of social responsibility that they should?

[Cancino] I just gave you an example. A man who is under arrest for having committed serious crimes calmly goes on national and international television, and he is given all possible time while he lies.

You heard this man speaking composedly about someone belonging to a board of directors, and nothing happened despite the fact that evidence that the president did not belong to it was overwhelming. The president at that time sent a letter saying: I do not accept the appointment.

Right now there is a great and eminent Conservative Party leader who lives in political retirement or quasi-retirement. He was president of the Workers Bank. Felio Andrade. He was not a member of the board of directors, he was president of the bank, and nobody has said anything about it because there is nothing to be said about it. In those days there was no accusation, so allusions have no legal significance. I am quickly recalling the terms in the [word indistinct] code, a series of norms that make it clear there is ill intent against the president, to whom they do not want to give breathing room.

I ask you: Considering that the president can control the media, since he has a communications minister and a person very close to him is on the media board, would a person without the democratic spirit of Dr Samper have

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permitted the media to wrap up the program in spite of the slander and the known libel, as the prosecutor general of the nation, undisturbed, looked on?

[Arizmendi] Yes?

[Cancino] This is an attack on sentiments. This is the way I talk, Dario, and some people do not like it and have pulled me out of the process.

[Arizmendi] What do you mean by being pulled out of the process? You will not continue being President Ernesto Samper Pizano's attorney from now on?

[Cancino] Look Dario, for obvious reasons I cannot continue.

First, because the president cannot have an attorney who cannot be present. This is not an act of cowardice. You know I have demonstrated that I am not a coward, but I cannot continue representing the president because there is a serious threat and all my family is involved. I have to be objective.

Second: I think I have fulfilled my mission. Unforeseen events have come up. I had prepared an itinerary. There is also the existence of interests that I cannot override, besides those of my family, etc. When I initiated the defense, the first person I advised was Dr. Botero, on request from Dr. Samper, who sought a good attorney to speak with Dr. Botero. Things moved fast, and the president was linked; I advised the president first, but did not stop advising Dr. Botero, clearly, honestly, and ethically.

When Dr. Botero decided to announce his surprising position, which I can describe as nothing but a surprise to me, I became an attorney who knows Dr. Botero's secrets and this produced an incompability that I admit and must accept. I advised Dr. Botero for eight hours. I said this in an statement I made for the proceedings. I advised him not only as an attorney, I became his consultant, and we established a very close friendship. He is a person I infinitely trusted. This situation has arisen, so there is much incompatibility because I know secrets, in the big or small sense of this term, about Dr. Botero. We have talked as friends, as attorneys, and as his legal adviser. This creates much incompatibility, according to the Colombian penal code.

[Arizmendi] You are resigning as Samper's attorney because you were Botero's adviser, because of an ethical position on your part as attorney since you know secrets about Botero and had a close professional relationship with Dr. Botero, because of threats, or because you feel as an attorney you cannot protect Samper's defense rights?

[Cancino] The ethical aspect prevails. This has always prevailed in me. The country knows me as an honest and straightforward man who continues believing, without a doubt, in the presdident's innocence. I have no doubt about that. I have fought the president. I have always tried to make his rights prevail, and he has always been opposed to this because he thinks democracy should prevail. I respect that. There is another thing. I have wanted to do things the president would not let me do because he... [pauses] Please recall that during my defense there was an incident: On one occasion he overruled me. That upset me.

[Arizmendi] Yes. You almost resigned.

[Cancino] Fortunately, I kept on going, but he has held me back a lot. He has done it because he believes that some things that could help him would hurt Colombia's democracy. I look at things as an attorney and he looks at them as president. I have to respect that. In this situation, at this moment, things have changed because this situation is no longer legal, it is political, very high politics.

[Arizmendi] The reason why legal actions you had announced have not been introduced is that the president did not agree with some of your recommendations?

[Cancino] I will tell you something: The Constitution is being ignored, and the president is being investigated illegally. There is a law on this matter. Right now there are legal and unofficial investigations. Going above most elemental constitutional principles, charges are being filed against the president. A man who has as his house a prison has stepped forward to accuse the president with lies, without the president enjoying the right to defend himself because at that level the president cannot defend himself, unless he were to act as in a dictatorship, a big or small dictatorship, and impose silence. But he is not going to do that. What right of defense can he enjoy [words indistinct] the prosecutor's office is not competent.

The country is enduring the drama of a president being tried by a secret prosecutor who is hearing declarations against him when the Constitution has an investigator for this purpose: An Accusations Committee.

I don't know what is happening. This is being done publicly. For everybody to see, in front of Colombian and international democracy! The president is being investigated by a secret prosecutor who is hearing evidence against him despite the fact that the Constitution says that evidence must be passed immediately to the Accusations Committee because a secret prosecutor cannot investigate the president.

[Arizmendi] Yes.

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[Cancino] Regardless of what he may be told, or of the contents of what he is told.

You cannot imagine how impotent I feel. Impotency produced by violence, and it is nothing to joke about. Two of my bodyguards have been murdered, and I have been seriously injured. I am going around hiding from real threats, surrounded by much security. I am a slave in this situation. When I see what is happening, this is discouraging.

[Arizmendi] There are reports that one person is under arrest in relation to the latest plot.

[Cancino] I do not know what is happening right now. I know only what is happening to the president. I feel absolutely powerless. Can you imagine, Dario, how it feels not to be able to do anything, to challenge accusations, not to defend the law, which is being broken. I am not lying. The president has been deprived of his privileges.

[Arizmendi] Have you informed the president about the impossibility of your continuing to advise him legally?

[Cancino] We have talked about it. I do not know what Botero's legal statements have been because I cannot know about that, I only know what he said on television. I would like to come out to work, but I cannot. I had a legal position that prevented me from taking part in a case that involves Dr. Botero because he received legal advice from me.

[Arizmendi] Since you are no longer the president's attorney, what do you, as an attorney, think about the change of mind of former Minister Botero?

[Cancino] Dario: that is where incompatibility begins and I do not want to state an opinion, legally or informally. None of that.

[Arizmendi] It will not be easy for the president to find an attorney capable of defending him like you do.

[Cancino] I want to tell you something. The analysis of the evidence was very thorough. We, like the president, prepared for this war. There are documents that are in the hands of [word indistinct], and they deal with what is happening, for example, with evidence that is being made up [preparando]. We discovered that, and we have denounced it. This evidence is in the hands of a top man. The moment that evidence is exhibited, the president will exhibit a counterproof. What I am saying is that things are solid. Look at what is happening. Today I read EL ESPECTADOR and found that Favio Castillo again published the board-of-directors information, but incomplete, of course. Why does he not publish the letter I was kind enough to send him? I wish I had been able to talk with him about things that happened a long time ago, when due proceedings were violated. Oh well!

The president is well entrenched for the final battle, in Congress.

[Arizmendi] Do you believe the Investigations Committee... [pauses] I change my question: Don't you think that the case against the president is adjudicated, with the Committee's decision?

[Cancino] Dario, I have to admit, Dario, that there are new things. The position of Dr. Botero is new. The president will make his decision. The committee's phase is over. Since there is new evidence, I think he is in favor of appealing to the Chamber of Deputies so as not to wear out the country politically and legally.

[Arizmendi] Going over the head of the committee?

[Cancino] No, not over the head of the committee. The committee has carried out an investigation, and the evidence now is new. To make the proceedings relatively short, they can go to a full meeting of the chamber, and the president can even ask that he be charged. Since there is new evidence and the proceedings are on, a more fundamental debate is worthwhile for the sake of democracy, and because of the criticism, unjustified criticism, I believe, against the committee, to avoid attacks on the legislative committee.

[Arizmendi] Some believe that the members of the committee could be changed because the current ones are somehow worn out.

[Cancino] I do not think justice can be worn down. This would mean having to change court judges every day because they are worn out. No.

I think that the purpose of an investigation by the chamber could be simply to determine whether or not the matter can be taken to a plenary meeting of the Chamber. I would recommend to the president that he request this be done immediately because there is a sworn statement and, although I don't know how worthy it is, it is nevertheless a momentous statement, and then immediately have a congressional debate. I am not saying what kind of political decisions the president should adopt though. One of the reasons why my participation is of secondary importance is because right now the situation involves a series of basically political forces, and this certainly contradicts classic legal solutions. This must be resolved by the country's leaders.

I feel uncomfortable with problems and solutions that are not of my realm.

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Legally speaking, the committee will not pass any additional ruling. It has said that so far there is no merit to an investigation. However, since such a serious situation exists, there is merit right away. Let's tackle that.

[Arizmendi] Yes sir. Dr. Cancino, you are sufficiently knowledgeable of the legal situation, and you are finding an entangled political situation. Do you think it would be advisable for the president to temporarily resign so that his defense can be undertaken in a different atmosphere?

[Cancino] [words indistinct] One cannot be the attorney of the president to tell him he should resign, lose his post. This is incompatible with the only thing in which I believe. I believe the president will keep on going. There is a true situation that [words indistinct] that if there is no legal penalty, something I do not foresee, then why should he be forced to do that?

What I as an attorney do ask the country is to look at the mess that is emerging. Statements will probably be made by people who have already made statements [words indistinct] extremely inconceivable and shameful offers and benefits.

Any person feeling that he can get a sentence reduction will go to the great reduction fair taking place.

[Arizmendi] Dr. Cancino: Former Minister Fernando Botero's statement to the media clearly contradicts what former campaign treasurer Santiago Medina has said. What do you think about that?

[Cancino] I would say that you should pay close attention to Medina's deposition before the Accusations Committee. His deposition lasted 11 hours. I cannot give you any details, as I must respect the confidentiality of proceedings, but I can assure you that it will be of great interest and importance for the country. Now, if Botero and Medina's statements are contradictory, I do not understand why the prosecutor general has done nothing about it. This is very contradictory. I would like the prosecutor general to make things clear for the country not only politically, but legally. He is responsible for directing the surrender policy; otherwise, he will do great harm to Colombia.

[Arizmendi] The impression we get after hearing you is that, ignoring the constitution, the prosecutor general is cooperating with the conspirators?

[Cancino] No. In my opinion, the prosecutor general is acting [word indistinct]. I will repeat what I have been saying every day: My fight is not with Valdivieso, but with a system implemented by the Prosecutor General's Office created by De Greiff, which violates the Constitution. I would bet that Valdivieso is acting in good faith, and that [words indistinct] is legal, jurisdictional. I have no doubts about that. We know that the Prosecutor General's Office has trespassed its limits. Justice has been in the limelight. The media has been unrestrained. Yes, indeed, and lies have been told. I believe it is time to act within the legal framework. Regardless of what the president's decision may be, the final phase of a very complex situation for Colombia should be resolved within the paramemters of the Constitution and laws. I see no other solution than abiding by the Constitution. The prosecutor general, within the current parameters of the Prosecutor General's Office, should not talk until the file reaches the court. That is what the law and the Constitution say.

[Arizmendi] In your opinion, and since you believe that the prosecutor general has fallen into contradictions, what should Valdivieso do according to the law and the Constitution?

[Cancino] Valdivieso should leave it up to the legitimate courts, like he once did, to judge the president. He should not keep on prosecuting the president. He could be creating invalid evidence. Evidence presented during questioning is valid when the person rendering a deposition testifies on his own behalf, but when it becomes an accusation, it must be received under oath in a normal process, a legal process, under special laws, and must be handled by the corresponding authorities. This was done in Medina's case. As you may recall, Medina was initially questioned, and then became a witness. I do not understand how in this case he was allowed not to be questioned or as a witness, but to be...

[Arizmendi, interrupting] Interviewed?

[Cancino] [Words indistinct] on television to make slanderous statements. Medina's statements were subject to investigation.

[Arizmendi] According to Medina's lawyer, he had no commitments with the Prosecutor General's Office, other than staying in his house.

[Cancino] I believe that Medina has a right to say whatever he wants in his house, but he should tell the truth.

[Arizmendi] How does it feel to be in hiding, which you have been forced to do during the past week?

[Cancino] You can imagine that for a man who has always been active, who goes to libraries, and teaches in universities, this is very frustrating. I hope to recover my freedom some day, but for the time being, I have someone protecting me, security has been reinforced around me, and I face many limitations. For that reason,

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I must tell the president that I cannot be his lawyer under these conditions.

[Arizmendi] We understand that last week you had a long meeting with former [Justice] Minister Andres Gonzalez, who signed a document called Agenda 96. What was the purpose of that meeting?

[Cancino] We meet frequently. You may recall that I was Andres Gonzalez' adviser. You should also remember that I am his lawyer in many cases. I cannot tell you specifically what cases, but they are minor cases. Third, Gonzalez was my student, and fourth, he is a close friend. He is a person with whom one can talk frankly, despite the significant ideological differences we had regarding this conflict. If you saw me with him once, you missed the other 80 times we met.

[Arizmendi] Dr. Cancino: In sum, President Ernesto Samper is the only one who has no guarantees right now?

[Cancino] Undoubtedly. Undoubtedly. In my opinion, evidence is being fabricated [creando] right now that tomorrow in the great parliamentarian debates — unless the prosecutor general does something about it — could be invalidated. It would be better if it is not invalidated. The prosecutor general still has methods and legal means... [pauses] not him, but the ones who should be handling the case, to return to the state of law. Whatever happens to the president should be in accordance with the Constitution and laws.

[Arizmendi] In your opinion what role have former President Gaviria and his followers played in the case involving President Ernesto Samper Pizano?

[Cancino] I don't know. I believe all of this has a name, because [words indistinct] I could have played a political role in this, you can be sure of that, but I have preferred to remain within my legal parameters.

[Arizmendi] Thank you, Dr. Cancino for this interview for Caracol. God bless you.

[Cancino] Thank you.

Columbian Lawyer Quits Citing 'Growing Threats'

PA2901143596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1404 GMT 29 Jan 96

[From the "Up to the Minute Caracol Newscast"]

[FBIS Translated Text] Bogota — President Ernesto Samper Pizano's defense lawyer openly censured Prosecutor General Alfonso Valdivieso Sarmiento for allowing [former Samper campaign treasurer] Santiago Medina to grant an interview to an international television station, which he used to spread a pack of lies under with the most absolute impunity. He noted that in spreading lies, Medina committed a serious legal offense. As an example, Medina cited Samper's appointment as a member of the Workers Bank, owned by the Rodriguez Orejuela brothers [chiefs of the Medellin Cartel], but failed to mention the letter in which the current president declined. Cancino announced his resignation to represent Samper because — he said — he cannot continue for obvious reasons. The president cannot have a lawyer who cannot be present owing to growing threats. I cannot represent him because of the serious threat against me and my family; I must be very clear-headed, he noted.

Colombia's Samper Views Nation's Self-Image

PA2701020496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2200 GMT 26 Jan 96

[Report by Gilbert Vegas; from the "Up to the Minute Caracol Newscast"]

[FBIS Translated Text] President Ernesto Samper warned today in Guaduas, Cundinmarca Department, that he does not wish to be the president of a nation on its knees and a president who does not feel proud of his people. He said that in a speech he delivered in the town's public square while attending the ceremony marking the 200th anniversary of the birth of [independence heroine] Policarpa Salavarrieta.

[Begin Samper recording] I came to tell all Colombians from here, the memorable town of Guaduas, that we can look to our future with our heads held high. [applause] I came to tell all Colombians from here in Guaduas that we are not going to yield, we are not going to stop defending the social interests of most of the people. I do not want to be the president of a nation on its knees. I do not want to be the president of a nation that does not feel proud of its past. [end recording] The president also reaffirmed his commitment to the social programs he signed in this city on 21 August 1993, when he registered his candidacy that led him to the presidency. He also defended the referendum so that the people can decide whether he stays in office or not. [end recording]

Colombia Announces Ambassadorial Appointments

PA3001041696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 30 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] The government today announced the following ambassadorial appointments: Luis Guillermo Grillo in Peru, Jimena de Casarino in Morroco, Pedro Felipe Valencia in Japan, Guillermo

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Alberto Gonzalez in Caracas, Antonio Yepes Parra in Cuba, Alberto Velasquez in Chile.

The following resignations were also announced: Ambassador to Rumania Cesar Pardo Villalba, Aerocivil Director Alvaro Calla, and Ambassador to the Dominican Republic Edmundo Lopez Gomez.

Colombian Court Approves Internal Disturbance Decree

PA3001030496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Attention, we have a last-minute report. The Constitutional Court has just declared valid the last internal disturbance decree issued by the government.

Colombian Magistrate To Sue Accusations Committee Members

PA2901192996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 29 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] [Station announcer Janeth Hinostroza] The possibility that arose recently that the Accusations Committee will again try President Ernesto Samper turned into true legal mess. According to a petition for protection, most of the members of that committee are under investigation.

[Begin recording] [Reporter Victor Garcia] Magistrate Jesus Vallejos Mejia has filed a petition for protection against 14 of the 15 members of the Accusations Committee of the Chamber of Representatives, because he feels that at the time of issuing their finding on President Samper there was objectivity and the finding was in favor of the president.

[Vallejos] The president seriously contradicted himself. In a spontaneous remark, he said things, for example, on the amount of the campaign, that Representative Heyne Mogollon should have investigated but did not. If the court begins an inquiry, the 14 accused members of said Committee must be removed and other 14 members must be named temporarily.

[Garcia] Although there are several lawsuits against some Accusations Committee members, so far not one of them has been formally involved in any trial. For that reason, the possibility that they may be disqualified to begin an inquiry on Samper is without legal grounds that prevents them from furthering the case. [end recording]

Colombian Senator: Samper Told Her To Pick Up Drug Money

LD2901175796 Madrid TVE Internacional Television in Spanish 1400 GMT 29 Jan 96

[FBIS Translated Text] In Colombia, statements implicating President Ernesto Samper, in what is already known as the narco-scandal, continue. Liberal Party Senator Maria Izquierdo — accused, along with 20 other MP's, of links with drug traffickers — told TVE she took part actively, and on Samper's instructions, in the scheme that allegedly financed the presidential campaign with drug money.

[Correspondent Juan Restrepo] Today a week begins that could be decisive in the Colombian crisis. Tomorrow the extraordinary sessions of the Senate and Congress — the Colombian parliament — begin. It will have to decide whether President Samper must be tried by the Supreme Court of Justice.

One of the speeches that may be key in these sessions is that of senator Izquierdo of the governing Liberal Party. Accused, along with 20 other MP's, of having received drug money, Izquierdo decided to tell everything to the Supreme Court of Justice. She expects to go to prison at any moment today. Before that happens, she asked the judge in charge of her case to allow her to speak tomorrow in parliament. Her testimony, told partly to TVE, is categorical:

[Begin recording] [Restrepo] Did you know where the drug money came from, and that drug money was going into President Samper's campaign in particular?

[Izquierdo] Yes, I knew.

[Restrepo] Could you tell me about your arrival at the house of Santiago Medina [Samper's former campaign treasurer] to pick up money on the order of the president, or the then candidate? Is that true?

[Izquierdo] Yes. I went on the order of the president of the Republic, the presidential candidate, and the appointment had been directly arranged by him. The president told me this was going to be resolved. He was very confident that with the absolution that the Accusations Commission would give him, everything was sorted out. However, the country was not sorted out. [end recording]

Colombian Liberal Party Women To Await Court Ruling

PA2901142996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[Telephone interview with Senator Ines Gomez de Vargas by News Director Dario Arizmendi and an

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unidentified reporter from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We have [Liberal Party Senator] Dr. Ines Gomez de Vargas in Caracol. What is your final position after consulting the party's rank and file membership regarding the procedure to follow, vis-a-vis the president. Good morning Dr. Ines Gomez de Vargas.

[Vargas] Good morning. I represent the women in the National Liberal Directorate [DNL] and it was my obligation to consult the rank and file as to what they think and what was to be my position in that directorate. The women, after heated studies and analysis, considered that we should first discuss the legal analysis and discuss the political aspects only after a ruling. There is democracy in Colombia and I will convey the feeling of the women and reserve my personal feelings.

[Arizmendi] But seeing that the DNL has to take a stance regarding the president's conduct — whether it supports him or whether it does not — what will be your position, doctor?

[Vargas] Women's predominant role is to respect the legal process and await for a ruling before beginning the political debate.

[Arizmendi] Therefore, you favor, after consulting the rank and file Liberal women membership, that it be the Accusations Committee of the Chamber of Representatives the to deal with the topic, as the Constitution specifies?

[Vargas] That is the women's recommendation and that is what I will say at the DNL.

[Unidentified reporter] Dona Ines, how was the meeting you held with the rank and file membership, with the Colombian women?

[Vargas] Through the media, which were truly very generous, I invited all women from Atlantico Department. The summons, however, did not cast effect until 12 hours afterward. Some women came from Atlantico Department municipalities and we analyzed the various options and the excessively radicalized positions. I believe that this has shown that if we continue fanning the flames we are going to relive a political massacre, an aggressiveness, and unfortunately it will be between liberals.

[Reporter] Doctor, how much representability do women have inside the Liberal Party and how much attention are they given by the other DNL members? What women deputies, what leaders were consulted?

[Vargas] There were three women representing the Central Political Commission and in that meeting they favored that first we should await a legal ruling. Approximately 90 to 100 women participated in Atlantico Department. I have asked the country's women to organize and speak out in order to democratically guide us, not just thinking in one person, but thinking instead of their representation in an organization such as the DNL, which has to convey the people's feeling and wishes.

Colombian Liberal Senator Requests Action by Prosecutor

PA2901140896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Barranquilla — Liberal Senator Fuad Char Abdala has asked the Office of the Prosecutor General to speed up the investigation of Case 8000 so that people can learn the truth about the alleged financing of the presidential campaign with drug money. The politician noted that in this time of difficulty the people must remain calm and let justice perform its constitutional duty.

[Begin Char recording] All citizens must ask the Office of the Prosecutor General to accelerate this process so we have a prompt definition of the situation or the whole process. The Accusations Committee of the Chamber of Representatives must meet again, or summon the Congress to discuss this matter. [end recording]

Other Liberal lawmakers moved away from this stance, and said a referendum was needed to define the president's stay in office.

Colombia's Liberal Party Directorate Supports Samper

PA3001041796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0221 GMT 30 Jan 96

[Report by Fabio Callejas]

[FBIS Translated Text] The National Liberal Directorate has just established its official position regarding the country's political crisis. After five hours of discussions, it issued a seven-point communique. We think that it is necessary to reveal its content due to its importance and the situation facing Colombians and the nation.

First, we must point out that the National Liberal Directorate has just voiced its support for President Ernesto Samper. It called for respect for due process and presumption of his innocence and honesty.

Members of the National Liberal Directorate also supported the statements of four former Liberal presidents

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that any solution to the political crisis must show respect for the popular will that supported the president's social program.

We must clarify that the eight members of the National Liberal Directorate attended the meeting and only two of them disagreed on one point. Luis Guillermo Giraldo and Dr. Isabel Rico reaffirmed their position that President Ernesto Samper Pizano should resign and leave the proper authorities. [sentence as heard] The others, however, fully supported the communique, which reads as follows:

First. The National Liberal Directorate supports the resolute actions of the Supreme Court of Justice and the Prosecutor General's Office against the terrible scourge of narco-corruption. This undermines the stability of the state and future of the nation that is confused with the recovery of our ethical values. [sentence as heard] It also urges all judicial bodies to comply with their duties within the most strict adherence to the Constitution and law.

Second. As for the juridical aspect of the crisis, we demand for the president the recognition of his constitutional right to defend himself, to be investigated, and to be tried in keeping with the rites of due process and presumption of his innocence and honesty for as long as the proper judicial bodies have not established the contrary.

Third. The National Liberal Directorate believes that the possible political solution to this crisis depends on an accurate operation of the institutions, which were constitutionally and regularly established to investigate and try the head of state and which reaffirm that Colombia is more a nation of laws than of men.

The political Constitution specifies various solutions even to such critical and complex situations as the one we are experiencing, which includes a possible presidential succession, and all Colombians must abide by this by leaving partisan considerations aside.

Fourth, as for the proposal for a popular consultation in the form presented until today, we voice our reservations about its constitutional feasibility and social advisability, as well as its gravity as a precedent to solve a legitimacy crisis in national, regional, and local governments.

Fifth. The National Liberal Directorate supports the statement of the former Liberal presidents that any solution to the current political crisis must respect the popular will that supported the social program of President Samper in 1994. The issue in discussion is not this development model, and thus, it should not be jeopardized under any circumstances.

The Liberal Directorate declaration stated: We trust that Congress, moved by the fatherland's supreme interests, will establish the political and jurisdictional control that the Constitution has entrusted on it, and we urge all social and political sectors to participate in a public debate within the criteria of good sense, tolerance, and mutual respect.

The declaration finally added: We categorically state that Liberalism has been, is, and will be an essential part of the solution to the drug-trafficking problem. This is evidenced by the success of the governments of Presidents Barco and Gaviria against narcoterrorism, of President Samper against the Cali Cartel, and by Prosecutor General Valdivieso's offensive against narco-corruption.

Colombian Conservative Group Supports Vice President

PA2901224296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 29 Jan 96

[Report by Felipe Gaviria from "Caracol's Quarter Hour" newscast]

[FBIS Translated Text] Santa Fe de Bogota — The National Directorate of the Conservative Party announced moments ago it would support Vice President Humberto de la Calle should President Ernesto Samper resign. It warned it will not accept a political debate but, rather, a political trial of the head of state during special sessions scheduled to start tomorrow. Conservative Directorate President Senator Jaime Arias Ramirez said:

[Begin recording] [Arias, in progress] ...president of the Republic if his conscience advises him to do so; second, a political trial as soon as possible based on the evidence presented by the Prosecutor General's Office to the Chamber of Representatives and the filing of charges before the Senate; and third, [words indistinct] agree it is a formula the Constitution specifies; that is, a consultation of the people, but they would not be consulted about the president, because there is no such as thing as impeachment in Colombia.

[Unidentified reporter] Whom would you support for president of the Republic?

[Arias] We have examined the political situation confronting the country and the facts surrounding this process, and we believe de la Calle is the person in this case who should replace President Samper. [end recording]

The Board of Parliamentarians, however, will discuss this position of the National Conservative Directorate at 0800 on 31 January, its president, Senator Jaime Arias Ramirez, added.

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Colombia's Conservatives Urge VP as Samper Replacement

PA3001044096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 30 Jan 96

[From the "QAP News" newscast]

[FBIS Translated Text] The Conservative National Directorate members have opted for a new course. They decided not to veto Vice President [VP] Humberto de la Calle in an eventual presidential succession.

The Conservatives have already come up with a way for President Samper to step down from his post. The surprising thing is that today they confessed that they agree Humberto de la Calle should replace him.

[Begin Conservative Party President Jaime Arias Ramirez recording] The vice president is not personally involved in any criminal action and, second, we believe that — from the legal viewpoint — there is no obstacle to preclude replacing the president. [end recording]

The Conservative Directorate will sponsor a political trial at the Senate. They consider that this is the only dignified way out for the president.

[Begin Arias recording] A trial has conclusions. It will eventually tell us if the president is innocent or not. The trial should be held within 25 days. [end recording]

The proposal indicates the Accusations Committee must declare itself disqualified, and the Chamber of Deputies plenary should adopt a decision, asking the Senate to try him.

Colombian Costal Region Lawmakers Support President

PA2901135696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Cartagena — The Coast's 32 congressmen who met this weekend in Cartagena gave their full backing to President Ernesto Samper Pizano. Interior Minister Horacio Serpa Uribe said that the congressmen insist on seeking an institutional solution to the crisis. He clearly stated the government's call to a political debate does not mean throwing a smoke screen over this general controversy; it simply seeks to make this clear through one of the country's most important legislative branches, in which this situation may be discussed.

Senate President Julio Cesar Guerra has asked the congressmen implicated in Case 8000 not to participate in the debates in the special sessions that will begin tomorrow in the Senate.

[Begin Guerra recording] It would be ideal or even advisable for them to yield their place to their alternates in order to enhance the credibility of the Congress and the importance of the Congress as the natural forum of Colombian democracy which acts as the judge of the president. [end recording]

Colombian Ex-Presidents: Congress Should Judge President

PA2901232196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 29 Jan 96

[Text of joint communique issued by former Liberal Presidents Cesar Gaviria Trujillo and Alfonso Lopez Michelsen; place, date not given; from "Caracol's Quarter Hour" newscast — read by announcer]

[FBIS Translated Text] In recent days, we have had the opportunity to observe how political and judicial events have led to a polarization that does not contribute to the solution to the crisis prevailing in the country.

At the origin of this polarization between friends and foes of the government, it has been stated frequently that what is at stake is the compliance with the program of President Samper's social government. Undoubtedly, any solution to the crisis must defend our Republican institutions that are based on respect for our laws and Constitution. Thus, the prosecutor general must assess the recent additions several former members of the campaign have made to their testimonies, and the prosecutor general must send the new evidence to Congress if the assessment so requires.

Congress is the natural judge of the president. The procedures with which he is guaranteed a due legal process, the right to be considered innocent, as well as the mechanisms of the presidential succession are included in the Constitution and are of public knowledge. It is no less certain, however, that a solution to the crisis must confirm the clear political commitments to the country, starting with the defense of President Samper's government program called The Social Jump.

All our countries require modernization, opening, competition, and economic growth, but in Colombia's case, the struggle against poverty, a vigorous social policy, contingent protection measures regarding foreign commerce, the protection of the most affected sectors of the economy, and measures that will allow the poorest sectors of the population to overcome the difficulties of the economic adjustment are essential elements of the program for which Colombians voted when they elected President Samper.

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We have heard authorized voices suggest in recent days that what is at stake is the fate of this program. This threat has prompted serious unease among many social and political sectors. Our obligation is to point out, most emphatically, that any solution to the crisis in the country must start with meticulous respect for the people's will and compliance with the programs and postulates for which Colombians voted.

Considerate damage would be caused to our democracy and the people's confidence in it if the people's mandate is distorted. Only by respecting the laws and the Constitution and by observing the clear political commitment to comply with President Samper's program will we be able to find a positive solution to this crisis.

Colombian Army Chief Comments on Referendum Proposal

PA2601191396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 26 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] We have statements by Army Chief General Harold Bedoya Pizarro. He broke his silence today and gave his opinion on the referendum:

[Begin recording] [First unidentified reporter] Do you support the referendum idea proposed by President Samper as a way out of the political crisis afflicting the country?

[Bedoya] As you know, that is a topic the government is handling, and it has been discussed very much. I do not want to refer to this topic.

[Second unidentified reporter] The defense minister has expressed certain disagreement about the referendum. How do the military forces view the minister's position?

[Bedoya] I am not going to refer to that comment either. His opinions must be respected the same as those of any Colombian.

[Third unidentified reporter] Is there unity among the military forces at this moment? Are there any new developments among any of the generals?

[Bedoya] The military forces have been quite united and have great solidarity. Following all these tales that have appeared abroad, it is good to know they are lies coming from countries, very serious and respectable countries, abroad. Regrettably all these untruthful reports are recycled. [end recording]

Colombian General Discusses Armed Forces Support

PA3001002296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jan 96

[Telephone interview with General Manuel Jose Bonnet Locarno, director of the Superior War College, by news director Dario Arizmendi and unidentified reporter; place not given; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We greet General Manuel Jose Bonnet, director of the Superior War College. Good morning, General.

[Bonnet] Good morning, Dario, how are you?

[Arizmendi] What are the generals talking about so much? They meet at all hours, everyday.

[Bonnet] The meeting ended Friday evening, Dario, and it is the annual meeting. Now when one looks at a reporter's face each year, one already knows what they are going to ask. It was a routine meeting.

[Arizmendi] Routine at this stage of the country's political game?

[Bonnet] We have to admit that the meeting coincided with current events. You know very well — check your files, and you will see that these meetings are held in January. When I was in the 2d Division, in December, I was already tasked with chairing this meeting. It is the routine meeting held every year in January. True, it did coincide, but that is all there is to it.

[Arizmendi] But naturally, you are aware and not indifferent to what the country is experiencing politically and the retirement of [5th Brigade Commander] Gen. Ricardo Cifuentes, for not being in agreement for reason of conscience and conviction with the president of the Republic.

[Bonnet] Of course, we are not indifferent, because in the end we are the ones who are basically called upon to respond to this country's security and for the country's society and its resources. These are resources that belong to the institutions, to you, to the people, and to everyone. This is our true obligation, as our bosses have told us. Regarding Ricardo Cifuentes' retirement, I regret this more than anyone. You will remember he was my subordinate in the 2d Division, when he was 5th Brigade commander, which is such a successful brigade. Afterward, I had the pleasure of handing over the division's command to him on 8 or 9 January, some 20 days ago.

I feel moved because I have ties of affection to him and his family. I admire him a great deal, he was my

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subordinate, and also the 2d Division affects me a great deal. I feel very close to that area, to that unit, which has achieved a state of relative calm.

No assaults are recorded, no village takeovers, nor any guerrilla checkpoints. Kidnaping and extortion reports have lessened. The loss of such an experienced and suitable commander for the post as Ricardo Ciefuentes personally worries me a great deal.

[Arizmendi] Why does it worry you, General?

[Bonnet] Because, as I told you, I have great affection for the 2d Division area — special qualifications are required to cover that post and Ciefuentes has them or had them — and due to the personal friendship we have.

[Arizmendi] Of course. We have been told that Gen. Ricardo Ciefuente's decision had initially motivated two or three more generals to decide along similar lines, but that after talking with Gen. Hernando Camilo Zuniga [chief of the Joint General Staff and deputy commander of the Army], the defense minister, and other comrades at arms, those generals thinking about making the same decision changed their minds. What do you know about that, Gen. Bonnet?

[Bonnet] The truth is that I cannot comment on anything about that. I did talk confidentially with Ricardo practically all day Wednesday. In view of the fact that what we both talked about was confidential, and he said that only I knew, because of our friendship, I cannot comment on what we spoke about. But on Friday, which is seemingly when events unfolded, I was here all day in the War College attending to my academic obligations, because this school is just like any other one, it cannot be left alone. The students cannot be left to sit all day without a teacher.

I was also paying attention to my problem with certain newscasts, which took the liberty of pratically listing my name as if I belonged to the Cali Cartel. I spent all day clarifying that and making corresponding claims. Today I will continue with my claims and demands, because I am still not satisfied with the corrections these newscasts made.

[Arizmendi] Yes, General, but is there truly an atmosphere of tranquility among the leadership of the Colombian military forces after your conversation, which we do not intend for you to reveal? Or is there uncertainty similar to what other sectors of the country are experiencing, regarding what will become of our country's institutionality?

[Bonnet] There is no tranquility, because we are not statues. We are worried because there is an avalanche of reports from home and abroad, there are demonstrations, and so forth, and the political proposals are the only thing that can be allowed right now. In other words, an institutional solution by means of what the Constitution and the laws indicate. I have insisted that even though we may be concerned and jumpy watching the national situation, hoping that everything develops without disorder, the only thing we should be concerned with, as members of the public force, is that all this take place in an atmosphere of public tranquility, in an atmosphere with no attacks on the people and their resources, and no violent acts that endanger the people's security, safety, and stability. This is what concerns us. The solution must be institutional.

[Arizmendi] You, in the military leadership, believe what the head of state says?

[Bonnet] I do not belong to the military leadership Dario. The military leadership comprises, logically, the minister of defense, the general commander, his joint chief of staff, the commander of the Army, and its chief of the Joint General Staff and deputy commander. Here I am a sort of teacher, at the Superior War College.

[Arizmendi] But what did you perceive by their attitude — the division and brigade commanders — who had the opportunity to meet?

[Bonnet] At the meeting we talked about what was on the agenda, and we did not depart from that. We practically have nothing to do in [words indistinct]. The attorney general spoke, also the prosecutor general, the security adviser, the ombudsman for human rights, the interior minister — all spoke about the same topics that are discussed every year. In the following days, talks continued. The foreign minister spoke and also other people. I could not be present because I was attending a panel on Colombian- Spanish affairs.

At about midday, in view of the fact that the president could not go and inaugurate it Wednesday morning for reasons everyone is aware of, he attended the closure at the Military Club at midday on Thursday. I did not attend those meetings that are said to have gone on into the night and involved the Army generals, to evaluate the national guerrilla situation. As I told you, I was here in the Superior War College attending to my affairs.

[Unidentified reporter] Gen. Bonnet, consequently you do not have the conscience pangs Gen. Cifuentes had; therefore, you fully back President Ernesto Samper?

[Bonnet] One's conscience belongs to oneself. Sometimes one only discusses one's conscience with the priest in confession and to one's wife. Therefore, I expect to leave subjects dealing with my conscience to my conscience.

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[Reporter] Yes, General, but here we are dealing with and trying to establish the degree of solidarity with the president of the Republic. The fact that you remain at your post and speak loudly as you have always done makes one believe that if you thought otherwise you would say so. Do you firmly back President Samper?

[Bonnet] We have said countless times that our solidarity is with the presidential institution, whoever occupies the post. We are not arbiters to say whether the president is good or bad, whether the president stays or goes. We should not be asked to act as arbiters in this situation. Colombia has institutional mechanisms to decide when a person stays in his post or leaves. While that person occupies that post, all of those in the public forces have the duty to obey the institutions. I do not think one should make public what one's consciences tells us, until that same person decides otherwise.

[Arizmendi] If the institutional solution were to be that Vice President Humberto De la Calle Lombana were to become president, would Colombia's military forces automatically back and support him?

[Bonnet] We are not the ones to decide this. If Congress, the Supreme Court, and other elements in Colombia decided that it should be the vice president, then logically we have to back him. While the current president is in office, we have to back him as well.

[Arizmendi] Do you know of other high-ranking officers whose resignations might be upcoming?

[Bonnet] No, up to now I have not known of any, because whoever decides this does not talk about it beforehand. Many times you think that we cook things up and concoct things at meetings. No, I believe whoever is to make such a decision sleeps on the matter, and as [words indistinct] says, consults with his conscience, and then decides and goes public, just like Gen. Cifuentes did. We do not discuss those things among ourselves.

[Arizmendi] How much can Colombian military forces guarantee and respect the rights of the opposition in the event of public order disturbances?

[Bonnet] The rights of the opposition are not our concern, either. We make no distinction between the opposition and followers. We make no distinction between what's white or black. We are not [word indistinct]. We see society as a whole, all Colombian society, which comprises 35 million inhabitants, plus its resources and territory. This is what we care for, and we cannot make distinctions between whites and blacks.

[Reporter] What are the conscience pangs and headaches that Gen. Cifuentes had that led him to resign?

[Bonnet] I ask that you please ask him, because the truth of the matter is that I do not know. I told you that I spent practically all day Wednesday talking with him. Aside from the fact that we are friends, he was my subordinate, but it was a confidential chat that I will not make public.

[Arizmendi] Of course. Are there contingency plans in case public order spills over into demonstrations? Already there have been threats of confrontation in Bolivar Park between those who favor President Samper and those who oppose him.

[Bonnet] Suffice it to say that an Army that has proven itself as much as ours, which has never rested, if it needs contigency plans that means that it is improvising. Our plans are safe and have been proven ever since I was a cadet. Right now we have an internal security plan, which all of you are familiar with, which is the Meteor Plan [Plan Meteoro], a plan to oversee the country's internal security. This plan ranges from police presence and troops in the street to ensure tranquility and to allow citizens to move freely in the streets and travel the roads, right up to antiguerrilla combat, which we do every day.

This is a proven plan and includes the security of cities, roads, airport areas, and transport terminals. It is a very old plan, which I reckon to be about 30 or 40 years old. I do not believe that we need contigency plans for the time being, because our internal security plan is proven, because we have exercised it, and because everyone is familiar with it.

[Reporter] It is no secret the degree of affection, closeness, and liking between the top military leaders and former Defense Minister Fernando Botero, obviously due to Dr. Botero's attitude toward the military. Does it not feel uncomfortable to have these feelings for Dr. Botero, while being in charge of his imprisonment, and come out in support of President Ernesto Samper, as has been the case?

[Bonnet] You must all understand that the loyalty or discipline of the military forces is not a question of passion, it is not a love affair; it is a totally objective matter in which laws, rules, and regulations are being complied with. Let us not mix the current issue that is being determined according to the law with prosecutors with things to do with friendship. I believe that the people who may have had great personal friendship because of their closeness here in Bogota with Dr. Botero, will probably continue. But compliance with the

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law is one thing, and personal affection is something else.

[Reporter] Last, Gen. Bonnet, you say that you are not satisfied with the clarity of the statements by certain newscasts to do with your alleged links to drug traffickers or with the Cali Cartel or this affair to do with the U.S. visa. Can you tell us clearly what actions you will take against those newscasts that have not totally clarified what you expect?

[Bonnet] Of course. I cannot be satisfied, not because of the question of whether it is slander or not, but because of the devastating effect that the news had had, especially to my sons, my mother, my brother, and all the other people. Not on the community, because I was called from Cali especially and told that they laughed at this news, because everyone saw how I acted when I was the commander there. Therefore, what I want the two newscasts to say today — the "National Newscast" and the "Seven O'Clock Newscast" — is that it is totally false that my name appears in that article.

Precisely, on Friday, one of the first calls I received here in my office was from (Douglas Frarah), the author of the article. He personally sent me a copy, which I have here. He said that he was shocked by the irresponsibility and flippancy of the media that began adding names. They simply spoke of the Cali Cartel and said, well, look at the list of commanders who were there and began making the list, without even consulting or stopping to think of the consequences of this irresponsible act.

The other thing I want them to say is why they decided to place my name there. They must tell me this publicly the same way they publicly included me in the list. They must say why they decided to include my name there. Precisely, within a few minutes I will be receiving a visit from the author, and I will talk to him about this. He is not satisfied. He has called me several times because he believes that he got me into this problem.

I now ask the media through "Caracol's 0600 to 0900" newscast to maintain their news capacity and ability to critique in order to inform us Colombians of events taking place. But I ask that the national situation not be led to hallucinating proportions, whereby people no longer want to watch television or read a newspaper.

We were saying that this is like Nixon's case, when people no longer wanted to watch television. This is leading to precisely this type of slander and flippancy. News needs to be checked, because when you deal with a person's honesty and reputation who has such a long and unblemished career, one cannot have a flippant young reporter cause psychological problems to the people who surrounds one — sons, brothers, mother, friends like you.

This is the call I make: reports should at least be checked, because I believe that in this case we need to take into consideration legal actions because of attacks on the person's moral integrity.

[Arizmendi] Many thanks, Gen. Bonnet.

Colombian General Notes Military Concern Over Crisis

PA2901145096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1406 GMT 19 Jan 96

[From the "Up to the Minute Caracol Newscast"]

[FBIS Translated Text] General Manuel Jose Bonett Locarno, director of the Higher War College, has acknowledged today that the military forces are concerned by the crisis that is besetting the country. He added that they hope everything unfolds within a framework of calm and respect. Our chief concern is that there should not be acts of violence that imperil the safety of the people, the ranking officer noted. Gen. Bonnet Locarno reiterated the Military Forces' solidarity with the presidency and added they are respectful of mechanisms to settle problems. We are not the arbiters to decide if the president is good or bad, Bonnet explained.

Colombia: EL TIEMPO Editorial Opposes Referendum

96P20241A Santa Fe de Bogota EL TIEMPO in Spanish 26 Jan 96

[Editorial: "Referendum, No"; received via Internet]

[FBIS Translated Text] The proposal of resorting to a popular referendum, whatever the question to be posed concerning whether President Samper should continue in power, is not advisable. As soon as the public discussion began regarding the infiltration of ill-gotten money into the presidential campaign, contentiousness emerged in private circles the virulence of which was immediately noticeable. As the days go by, instead of moderation, extremist attitudes are arising and the level of anger increasing, which is leading to open confrontations. With all these ingredients of dangerous tension and polarization, a referendum to decide the fate of Dr. Ernesto Samper as chief of state could precipitate a collision between those who would vote in favor and those who would be inclined to vote against. It would be a democratic setting which could degenerate into a grotesque spectacle characterized by violence. It is not the time for experiments of this kind, even though they may be allowed by the Constitution.

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Nor would it result in a decision which would satisfy the national government and public opinion. There would be talk of fraud and it would be said that the results of the referendum had been manipulated by the government. It would arouse hatred among the losers, and overconfidence among the winners. It would create a climate where a sense of peace could be lost and it could cause immeasurable damage to the country. For this reason we say no to a popular referendum.

Serenity—and the president said this in his speech on Wednesday—must continue to be a fundamental factor in the development of events which have the country immersed in crisis. A large dose of it will be needed to face public judgment before the Congress and, of course, to respect judicial decisions concerning the influx of money from drug trafficking into the campaign. The path the country must follow is that of calm and of hope that we will soon leave the tunnel and that the country will recover a sense of calm.

We will accept the decisions, whatever they are. And as we said in our editorial on Wednesday [24 January], there will be positions in this respect which are clear and decisive. In addition, we must advise those who are thinking of the country's best interests not to act precipitously, but rather to act in such a manner such that the Prosecutor General's Office and the discussions can arrive at decisions, since this would contribute to a sense of national calm. What could not be tolerated would be for the days to pass, like a pendulum that sometimes swings to one side and then to the other, without certain judicial situations being defined.

It is not necessary to listen to those who, as a means of getting out of the situation we are in, would like to get rid of the president, the congress, and the political class. That would only lead us to authoritarian systems, which are alien to our democratic tradition. While the country busies itself seeking simplistic solutions, some popular, others here is these columns, we will continue holding fast to the idea that is fundamental in the times we are living: that any solution to the crisis be within the framework of what is established in the Constitution. Only in this way will we overcome these moments of uncertainity. And only in this way will we emerge stronger.

If we say "no" to a referendum, we feel the same way with regard to precipitous actions, vanities, political appetites, and partisan desires for revenge.

Colombia: Business Leaders Ask Samper To Step Down

96SM0066A Santa Fe de Bogota EL TIEMPO in Spanish 26 Jan 95

[FBIS Translated Text] The president of the republic's authority and ability to govern have been seriously weakened, and for that reason he ought to consider stepping down temporarily.

This proposal has come from the National Council of Guilds [CGN], which brings together the 15 most representative production sectors.

After tough discussions last Tuesday that lasted more than nine hours, the CGN took the strongest stand in its history.

In the wake of the statements by the former minister of defense, Fernando Botero Zea, which implicate the president of the republic, Ernesto Samper, in the drug-money financing of his campaign, leading representatives of the business community decided to meet and take a unified stand.

The discussions were not easy. Some guilds suggested alternatives, such as a plebiscite, and other compromise solutions that would not call for the president to step down.

In the end, however, the CGN's hard line won out; businessmen believe that it would be best for the country if the president were to leave his post.

As far as the Council is concerned, the country has broken down to such a degree that a radical, immediate solution is needed. The organization charges that attempts have been made to conceal the truth from the country and from the justice system.

Although the document does not mention it, the guild leaders feel that Vice President Humberto de La Calle Lombana should take over as chief of state.

The guilds also say that the current crisis has been building for many years. The employers think that the current administration's institutional breakdown ought to serve as an example so that the country can leave corruption behind.

The text of the press release that the Council made public appears below:

National Council of Guilds

The various developments that have been jolting the country for some time now show the alarming degree to which the nation has broken down. The country has even gotten to the point that drug money is playing an

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active role in the exercise of democracy. Regrettably, the president of the republic has been linked to this role in connection with the financing of his election campaign, whether by omission or commission.

It is also clear that attempts have been made to conceal the truth from the country and from the justice system. Fortunately, thanks to the steadfastness of our prosecutors and judges, this situation is gradually being cleared up, and the citizenry realizes that no Colombian can be above the law. The country must continue the quest for truth, no matter how painful and costly it may be and, to this end, has legal tools and constitutional procedures that enable it to cope with this grave crisis. The crisis must be resolved immediately. The cost of delay is immense, and the country cannot afford it.

It is obvious that under the present circumstances the president of the republic's authority and ability to govern effectively are seriously weakened. In light of this situation, an institutional solution must be sought, one that the president himself could propose, one of the options being for him to step down temporarily. A plebiscite should not be called under the current circumstances to achieve governmental legitimacy.

With the Colombian people bewildered and indignant, the time has come to reflect on the course of recent years, inasmuch as the crisis did not begin on 7 August 1994. Over and above individual or group interests, it is imperative to think about Colombia and to take action to salvage the fundamental values of national dignity and to reestablish peaceful coexistence, ethics, and the rule of justice, without which life in society becomes intolerable.

Signed:

Camilo Llinas Angulo, Acolfa [not further identified]; Jaime Alberto Cabal S., Acopi [Colombian Association of Small Industries]; Carlos Alberto Garay, Acoplasticos [Colombian Association of the Plastics Industry]; Jorge Ramirez Ocampo, Analdex [National Association of Exporters]; Hernan Puyo, Andi [National Association of Industrialists]; Cesar Gonzalez Munoz, Asobancaria [National Bankers Association]; Maria Isabel Patino O., Asocolflores [Colombian Association of Flower Exporters]; Ricardo Villaveces Pardo, Asocana [Association of Colombian Sugarcane Growers]; Alberto Vasquez Restrepo, Camacol [Colombian Construction Board]; Eugenio Marulanda Gomez, Colfecar [Colombian Association of Road Carriers]; William Fadul V., Fasecolda [not further identified]; Sabas Pretelt de la Vega, Fenalco [National Federation of Businessmen]; Jorge Visbal Martelo, Fedegan [Association of Colombian Cattlemen]; Gustavo Tobon Londono, Fedemetal [Colombian Federation of Metal Industries]; Juan Manuel Ospina R., SAC [Association of Colombian Farmers].

Colombia: Columnist Urges Samper To Leave Office

96SM0065A Santa Fe de Bogota EL TIEMPO in Spanish 25 Jan 96

[Commentary by Enrique Santos Calderon: "He Must Go"; received via Internet]

[FBIS Translated Text] It is incredible, because it eludes all understanding and defies all logic, that President Samper should think that he can continue governing the country: incredible, but true.

This is what he thinks or, at least, what he has said and repeated during the past 48 hours, since Fernando Botero uttered the three words that destroyed any legitimacy that he might still retain as a ruler: "Samper did know."

Failing to understand the obvious implications of the confession made by his ex-defense minister, who was his confidant and the strategist for his campaign, indicates one of two things: either the president is suffering from a pathological problem of dissociation from reality, or he has decided, in a cold, calculating way, to cling to power at any price, even that of bringing the country down with him.

How can he consider himself able to govern under the present circumstances? With students taking to the streets, demanding his departure; with the economic associations divided as never before over the issue of his resignation; with all the polls showing for the first time that the majority of Colombians think he should retire; and with the Liberal Directorate itself in dispute on this point....

How can President Samper claim that Botero's statement does not affect his credibility, and keep talking calmly about continuing with his "social plan"? What credibility, what social plan, for heaven's sake? Does this indicate a lack of high-mindedness, or cynicism, pure and simple, or a Freudian syndrome of denial?

In short, I do not know how to judge the president's attitude. I only know that his obsession with clinging to power against all evidence is the worst possible scenario: for the country, for the people, and for the economy. It is the most costly, even for Samper himself, because when the damaging effects of this position become evident, Colombians will not forgive him for having put saving his skin ahead of the national dignity and interest.

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In fact, even if he were innocent, that is not the course of action to take. A high-minded innocent person would act differently. He would acknowledge the unmanageability of the situation; and he would provide solutions so as not to harm the country. He would not make irresponsible, inflammatory remarks ("they will take me out of the Palace dead," "I cannot leave the country adrift"), to give the impression that, without him, there is no solution to the crisis. Because there are, indeed, constitutional solutions and expedients.

In short, he would not gamble on collective panic, nor on populism, which is apparently the strategy to be pursued. One infers this from what the president and his minister, Serpa, have claimed, to the effect that it all boils down to a plot of the neoliberals, the rich, and the gringos against their social government.

If the rich are involved, it should not be forgotten that the country's most powerful economic conglomerate has been its most unconditional supporter and ally. And it still is. One need only observe the impressive manipulation of information on the part of Caracol, the pro-government line maintained at all costs by CROMOS (which has already received a well-deserved diplomatic award), or the incessant efforts of the conglomerate's head to prevent the economic associations from speaking out against the president.

Despite this, there is every indication that Samper's defensive tactic will be one of turning his crisis into an issue of the rich against the poor. Aimed in that direction is the proposition for subjecting his mandate to a popular referendum. Some of us suggested that argument at the outset, and the government emphatically rejected it at the time as absurd, unnecessary, and unconstitutional.

Now, it does like the idea, but it is already too late. The situation created by Fernando Botero's disclosures does not allow for delays. The organization of a consultation or referendum would take months, and would, in fact, have obvious legal problems, as well as lending itself to easy manipulation by the government. Furthermore, it would foster a dangerous social polarization on the part of a regime bent on depicting itself as a victim of a conspiracy of those on the upper levels.

And what can be said about the government's international image after the confession of its ex-defense minister? If its national credibility has suffered a devastating blow, there must not be much doubt left in the rest of the world that Colombia has been governed by a president elected with money [illegible] drug traffic.

The capacity to conduct [illegible]table foreign policy, to exercise an effective lea[illegible]up in the non-aligned movement; in short, to defend the national interests in the hemispheric or world context of nations, has been seriously reduced at present.

This applies, for example, to the handling of the dispute with Venezuela, as has already been seen from the consecutive statements of Foreign Minister Burelli and other leaders of the neighboring country regarding the implications of the presidential crisis in Colombia for the increasingly strained bilateral relations.

And, "last but not least [in English]," there is the United States, a leading actor in this entire drama, where President Samper's image has declined to a point of no return, to the extent that it is beginning to be seriously detrimental to the national interests. I know from good sources in Washington that the Clinton government does not want to deny certification to Colombia, but does not think that it can avoid this, or curb the attacks from those of Jesse Helms' ilk in an electoral atmosphere, if Samper remains in the presidency.

For all these reasons, and based on an equal number of other considerations, President Samper must go, under dignified and decent conditions, which would remove his departure from the judicial realm, and would surely entail negotiation and a broad political consensus. But he must go, for the good of Colombia and for his own good. Please understand this, Mr. President.

Colombian Cartel Member Clarifies Points for Surrender

PA2601201796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 26 Jan 96

[Report by Paco Morales from the "Colombia 12:30" newscast]

[FBIS Translated Text] In the last few hours, Helmer, or Pacho, Herrera sent a letter to the "Colombia 12:30" newscast stating the current crisis of the Samper administration precludes a voluntary surrender to the Prosecutor General's Office.

The alleged Cali cartel member clarifies three important conditions for his surrender:

National and international authorities know there is no case against me. Apparently, for the business for which an arrest warrant was issued, I was already in the country; this means that something is a crime not according to the law but according to what people wish.

The term and agreement over the conditional sentencing are important, provided an agreement is reached with the Prosecutor General's Office, even though regional judicial authorities do not want to execute the sentence.

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Regarding the surrender, I request a place with a warm climate and, if possible, in the city of Palmira, Valle Department. It is important to solve my problem immediately.

Helmer, or Pacho, Herrera, must confess to money laundering in order to surrender to justice.

Colombian Authorities Dismantle Mini Cartel in Medellin

PA2901160296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1200 GMT 28 Jan 96

[From the "Morning Television Newscast"]

[FBIS Translated Text] Authorities have managed to dismantle a mini cartel in Medellin. We will have this and other reports here on the Morning Television Newscast.

Antioquia Department authorities have dealt a new blow against the organized gangs of coca paste processors. General Alfredo Salgado, Medellin Metropolitan Police commander, spoke to the Morning Television Newscast on the dismantling of an incipient gang of drug traffickers in Marinilla.

[Begin Gen. Salgado recording] This is how we raided a small drug-producing laboratory, which was very well organized and supplied. It had a daily production ranging from 100 to 150 kilos of cocaine. [end recording]

Ecuador

Colombian Envoy: No Samper, Cartel Meeting in Ecuador

PY2901155296 Madrid EFE in Spanish 1722 GMT 28 Jan 96

[FBIS Translated Text] Quito, 28 Jan (EFE) — Colombian Ambassador to Ecuador Humberto Valencia has sworn before "God and the Fatherland" that the president of his country did not meet in Quito with representatives of the Cali "cartel," as asserted by Santiago Medina, former treasurer of Colombian President Ernesto Samper's electoral campaign.

Valencia stated: "I swear before God and the Fatherland that no such meeting took place." He added that he was "personally" with the Colombian president when he attended the Rio Group and Andean Pact "summits" in Quito on 3-4 September.

The diplomat said: "I, personally, was with the president while he was lodged at the Colon Hotel. I organized a party for him with 170 guests, at which were businessmen, industrialists, members of the Colombian community, and journalists."

He explained that the president granted a private interview to Maria Teresa Arias, who is a member of the Colombian Community in Ecuador and "a personal friend" of the Samper family.

Valencia added: "She has nothing to do with the Cali 'cartel.' She is suffering a lot of harm because she is an intellectual, efficient, and very hard working person. She was education secretary in Bogota district. She was a university rector, and is now vice president of the Guayaquil (Ecuador) Bank."

In a letter to the local media, Arias announced that on Monday 29 January she will appear before Ecuadoran Attorney General Alfonso Valdivieso to prove that she "is not involved in activities that violate the law or are immoral."

"She emphatically asserted that any similarity in names is a mere coincidence," as she explained that she is not connected with anyone of the same name being judicially investigated in Colombia for any alleged links with drug traffickers.

Medina, who has been under home arrest in Bogota since December, has said, in new evidence for the "narco-scandal," that Samper met last year with an envoy of the Cali 'cartel' at a hotel in Quito.

Medina said the president and his interlocutor met on 4 September between 0735 and 0800 local time (1235 and 1300 GMT), and that this appears in the visitor's book.

Employees of the Colon Hotel, where the presidents of the Rio Group and the Andean Pact stayed and met, said they were surprised to hear Medina's comments and told EFE they knew nothing of any meeting Samper may have held with the Cali 'cartel.'

Ecuadoran Petroleum Workers Planning 'Warning Strike'

PY30010000896 Quito Voz de Los Andes in Spanish 2300 GMT 29 Jan 96

[FBIS Translated Text] The administrative area of the Ecuadoran petroleum industry will begin tomorrow a warning strike in solidarity with electricity sector workers who are on strike against the privatization plans of the Ecuadoran Institute of Electrification, Inecel.

Marcelo Roman, union leader of the federation of [name indistinct] employees, has said that the strike, which will affect the administrative area and some maintenance and productive sector areas, does not imply major coercive measures such as paralyzing exports.

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Peru

Ecuadoran Mines Wound 'at Least Three' Peruvians

PY2901210796 Madrid EFE in Spanish 1754 GMT 29 Jan 96

[FBIS Translated Text] Lima, 29 Jan (EFE) — A military source reported today that at least three Peruvian soldiers were injured when two of them stepped on several anti-personal mines near the Chiqueiza watch post in the province of Condorcanqui, on the border with Ecuador.

Two of the soldiers involved, who belong to the Jungle Infantry Battalion, had their legs mutilated, while a third was affected by the shrapnel, the same source added.

It has been learned that the mines were planted last year by Ecuadoran troops during the 26 January to 28 February undeclared war between Peru and Ecuador in the Amazon border zone where there are no border markers.

The three soldiers were taken to the Lima military hospital. However, though the circumstances of the event have not yet been revealed, it took place outside the demilitarized zone agreed upon by Peru and Ecuador in mid-1995.

The Chiqueiza watch post is located almost in front of the Ecuadoran post of Teniente Ortiz, and it is not known whether Peruvian troops patrol the area.

Peruvian Government To Build Wall Around Lot in Chile

PY2901155396 Lima America Television Network in Spanish 0100 GMT 27 Jan 96

[FBIS Translated Text] The presidential office press secretariat has issued an official communique stating that the Peruvian Government has obtained the necessary authorization to enclose and level the so-called El Chinchorro lot owned by the Peruvian Government in Arica [Chile].

The presidential office press secretariat hereby informs:

1. The Peruvian Government has negotiated and obtained the proper authorization to enclose and level the El Chinchorro lot which is owned by the Peruvian Government in Arica.

2. The Peruvian Government has contracted the local Constructora Aguas Claras Ltd. construction company which has the materials needed for the construction which will start on 8 February and is scheduled to be completed in about 60 days.

The construction in question involves the building of a wall to enclose the lot. It will be 2.5 meters high on the side toward the Pan-American highway and 3 meters high on all other sides.

3. The Peruvian Government is thus amending the abandonment of the lot for many years and is exercising its property rights over the lot in full compliance with the proper regulations.

[Dated] Lima, 26 January 1996

[Signed] Presidential office press secretariat.

Peruvian Administration Beleaguered by Strikes, Protests

PY2601155696 Madrid EFE in Spanish 2023 GMT 25 Jan 96

[FBIS Translated Text] Lima, 25 Jan (EFE) — Peruvian President Alberto Fujimori is beleaguered by strikes and protests as he completes seven months of his second presidential term (he was sworn in on 28 July 1995), as a result of the approval of controversial economic measures by his government.

The measures that have caused unrest are the suspension of import permits for second-hand vehicles, the privatization of the State Petroleum Agency (Petroperu), and the low salaries earned by public servants.

The decision to ban the import of used vehicles was almost unanimously rejected by the people according to preliminary reports by the Peruvian media.

The measure has directly affected the interests of the middle class because it has caused the immediate increase of second-hand vehicle prices by an average of 30 percent and removed this class' "dream of owning a car." Therefore, government authorities have been charged with favoring the interests of brand new car dealers.

Despite the rejection, Fujimori has upheld the measure by stating that it has "been a government act alien to pressures exerted by economic groups."

The greatest protest, however, was in Talara against Petroperu's privatization. In this northern Peruvian town thousands of people held a demonstration to protest the decision on 24 January. According to police sources, on that same day a general strike was held throughout the province and some acts of vandalism were perpetrated.

The strike was organized by provincial municipal workers and the National Federation of Oil Workers, which is controlled by the opposition. This sector's arguments against the privatization is Petroperu's alleged "strategic role for national security" and to defend its workers'

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jobs. The movement's leaders have announced that in the coming days they will stage a strike in the entire Grau region, which includes Piura and Tumbes Departments. Tumbes is next to Talara.

Fujimori has confirmed that his government will continue with its plans to privatize the state oil company and will not change its mind in this regard.

In the meantime, thousands of workers of the public health service continue on an indefinite strike that has partially affected the services at hospitals and public health centers.

The strikers also staged protest rallies in Lima, where they clashed with the police.

The Peruvian authorities fear that the conflict in this sector may trigger a greater conflict because of the low salaries earned by this sector that amount to an average of $300 per month.

According to various commentators, the labor and social conflicts have contributed to another factor that has deteriorated the president's image, that is, the government's apparent refusal to back the administration of the new Lima mayor, independent Alberto Andrade.

The government's attitude regarding Andrade became clear last week, when the mayor attended a mass to celebrate Lima city's anniversary alone because no government authority, although invited, attended the religious ceremony.

The Lima media have stated that it is quite likely that this month the Peruvian president's popularity will drop drastically "namely for having prohibited the importation of second-hand cars and the confrontation with Andrade."

Changes Made in Peruvian Police Structure

PY3001012996 Lima EXPRESO in Spanish 15 Jan 96 p A3

[FBIS Translated Text] The Peruvian National Police [PNP] Chief of Staff's office will merge with the Inspector's office and will begin operating as of this year in a joint manner. PNP General Alejandro Farcic Barrios, who was responsible for the Police Front of Huamanga, Ayacucho, will be its first commander.

PNP Generals Luciano Ramirez Vinatea, Carlos Venturo Calderon, and Maximo Rivera Diaz have also been designated chief of the Special Services Unit, Public Order One, and Public Order Two, respectively.

Since the institutional unification of the Civil Guards, the Republican Guards, and the Investigative Police seven years ago to give new life to the PNP, those two administrative units had been operating independently and were headed by a general. Consequently, with this fusion the number of generals of the Seventh Region, which had totaled nine, has now been reduced to eight.

Police sources have told EXPRESO that the new designations and ratifications in their posts of the PNP generals have been "coordinated" by the current Police chief, Lieutenant General Antonio Ketin Vidal Herrera, together with the former director general of the institution, Lieutenant General Victor Alva Plasencia.

The very designation of Gen. Vidal Herrera as director general of the Police has represented an unprecedented event, because never before had a member of the Peruvian Investiga..ve Police (PIP) been designated to that post, and Gen. Vidal Herrera, who is the captor of terrorist leader Abimael Guzman, belongs to that institution.

Other changes within the organizational structure of the PNP include the fact that some units that had been headed by a general will now be the responsibility of colonels.

The PNP subregion headquartered in Callao, the PNP Superior School, the Noncommissioned Officers School, the Planning and Staff Board, and the Police Training and Specialization School are among them.

Likewise, the General Dissemination and Operations Boards of the General Staff, the Health Department Assistant's office, and the Legal Department Board of the Interior Ministry are among these units.

PNP General Eudocio Vegas Perez has been designated chief of Strategic Services; General Patricio Coaguila chief of Highway Security; and General Jose Diaz Navarro chief of Support to Justice.

Uruguay

Economists Discuss Uruguay's 1996 Projections

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[FBIS Translated Excerpt] The year that has just begun will probably, from an economic standpoint, be better than the one that just ended. In other words, 1996 will not be worse for Uruguay than 1995. This notwithstanding, three economists consulted by EL PAIS believe the aspirations of the Sanguinetti administration to roll back annual inflation from 35 to 20 percent do not seem attainable. The key to success is a reduction of the fiscal deficit to 1.5 percent of the Uruguayan GDP.

Why is it so vitally important for the public sector deficit to maintain this percentage of GDP? The incumbent administration and private sector economists believe a

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fiscal deficit of 1.5 percent of GDP is compatible with an annual inflation rate of 20-22 percent. They are not so sure, however, about meeting the fiscal target for 1996: If the fiscal deficit accounts for 2 percent of the GDP, annual inflation would run at 30-35 percent.

Nevertheless, they are not pessimistic about the Uruguayan economy in 1996, partly because they believe the effort to curb government spending is positive and partly because they estimate the general situation internationally — and in the region in particular (especially Argentina and Brazil) — will not suffer any deterioration that may engulf our country.

Within a climate of lurking distrust, one can detect a major dose of hope and expectation that things will go well, even though these conditions do not fully coincide with the aspirations and figures handled by the Sanguinetti administration.

The economists generally agree that the Uruguayan economy will not grow much, but it will indeed grow, and that government spending will be cut, but not as much as should.

Given this state of affairs, it is thought that unemployment will not dramatically drop and that real wages will not experience a substantial increase.

These opinions were formulated by economists who have no direct links with the government and are not actively engaged in politics, although they have affinities for certain political parties. They occupy important positions in business unions and in economic analyses of business cycles. They are: Alberto Bension, executive secretary of the Union of Uruguayan Banks; Juan Manuel Quijano, director of the Department of Economic Studies of the Uruguayan Chamber of Industry; and Maria Dolores Benavente, director of the Department of Economic Studies of the National Chamber of Commerce.

Their opinions are personal and do not necessarily reflect those of their institutions.

Without being pessimistic, Juan Manuel Quijano forecasts a difficult year for Uruguay. He believes it all depends on the economic performance of Argentina and Brazil, although he is sure inflation will continue to drop. Moreover, he warns of possible labor conflicts and difficulties in creating new jobs. Quijano contends that "1995 was one of the worst years for a long time" and does not rule out the prospect that the Sanguinetti administration may realize its economic aspirations.

[EL PAIS] How do you see perspectives for the Uruguayan economy in 1996?

[Quijano] The economic policy is gambling on an upswing — even only partial — in Argentina or on the end of the recession in that country. Uruguay is also gambling on Brazil maintaining certain demand levels. The government is working with this scenario and I believe it may very well be feasible. [passage omitted]

[EL PAIS] Do you believe the Uruguayan economy can meet the Sanguinetti administration targets for 1996?

[Bension] There are two main targets that must be assessed separately, although they are interrelated. One involves the evolution of the GDP and the entire economic activity, which the incumbent administration may be able to influence — within limits — but which will in fact be shaped by various events, many of which originate abroad.

The Sanguinetti administration forecasts a modest economic growth of 1 percent for 1996 following a year in which it declined by no less than 2 percent.

The question is: What is behind this resumption of growth and the trend for the GDP in 1996, and are the official projections based on sound foundations?

There is no clear explanation. The evolution of the economy has been increasingly conditioned by events of an economic nature, but also by other events, particularly political ones. Moreover, the international situation in general, and the regional situation in particular, have a huge bearing on our domestic economies.

It is my considered opinion that the worst negative economic impacts following recent events are now over. This year should not produce a negative result as in 1995. I agree with the predictions of a slight economic growth this year. I believe the economy will slowly resume growth, particularly at the end of the year.

Projections for this year are based on some positive points that will continue to work well, namely the agricultural sector, which is growing at an annual rate of 5 or 6 percent. This sector will hopefully grow at this rate for the next few years, save for weather imponderables.

Furthermore, I believe the sharp decline in some sectors last year will not be repeated this year and I further believe these sectors will see a slight expansion, particularly the construction industry and retail businesses.

The manufacturing industry is, however, in my opinion still a puzzle. I am not quite clear about that industry. In 1995, there were factors arising from the prevalent economic situation that I hope will be toned down or disappear in 1996. There were concurrent structural factors, among them the retooling of our industries

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for Mercosur [Common Market of the South] and the economic opening. I am afraid these structural factors will not be definitely resolved in 1996.

In light of these general thoughts, my impression is there will be slight economic growth in 1996, just as the authorities estimate.

The second major issue involves inflation and financial aspects. Fiscal deficit projections for 1996 are the cornerstone as they obviously influence inflation rates and, consequently, devaluation.

Here is a sort of "black hole." When one reads the press or listens to economic team members, particularly those involved in the discussion of the budget in Congress, one concludes that public sector deficit projections for 1996 were about 2 percent of the GDP.

This notwithstanding, [Finance] Minister Luis Mosca said the government's aim is to reduce the public sector deficit to 1 percent of the GDP. Now, for an outside observer like me, this discrepancy between the two estimates is very hard to explain, at least with the information available.

For all practical purposes, we are faced with "an act of faith." If the finance minister publicly and voluntarily promises a public sector deficit of 1 percent of the GDP, one must conclude it to be basically feasible. No minister ever announces measures that he/she knows from the start are impossible to fulfill. [passage omitted]

[EL PAIS] What is your opinion of tax collection and its influence on consumption and economic growth?

[Bension] If there is an economic upturn, even a modest one, tax collection will increase. During the discussion of the budget, the administration predicted a 2.5 percent GDP growth but now it forecasts the GDP will only grow by 1 percent. Still, the current estimated deficit is lower than that included in the budget.

With a fiscal deficit representing 1 percent of the GDP, according to the government's gradualist strategy, it seems fair to project a devaluation of about 20 percent for this year, apparently with a gradual drop in the devaluation rate from 2 to 1.2 percent per month in the last quarter. Thus, with an annual devaluation of 20 percent, it seems sensible to estimate an annual inflation of between 20 and 25 percent. [passage omitted]

[EL PAIS] Can the Sanguinetti administration meet its 1996 economic targets?

[Benavente] The fiscal result is the key to everything. I believe those targets can be met unless the fiscal deficit surpasses 1.5 percent of the GDP.

[EL PAIS] Is that deficit feasible?

[Benavente] I do not think so. First and foremost, there is no clear indication that government spending is being slashed. I participated in a meeting organized by the Planning and Budget Office, which helped me to begin to understand why it is impossible to cut government spending in Uruguay: The incumbent administration lacks the will to do so. The Sanguinetti administration will not close ministries; it will not dismiss workers; it will establish a new executive unit to promote foreign trade when there are already 15 of them; and it will close just two of them. So where is the downsizing of the government?

As far as tax revenues are concerned, it is common knowledge that 1996 will be a recessionary year. There will be a sharp decline in tax collection. Let us not forget there was a fiscal adjustment in 1995. When authorities say tax collection only dropped by a few points, one must see if tax revenues increased following the fiscal adjustment.

I think one must compare current revenues with the amount the government could be collecting if the tax burden were the same as prior to the fiscal adjustment. We would then see the decline in tax collection has been quite significant.

I think that it is distressing to see how the government is managing its revenues and expenditures.

Looking at the aggravating issue of the black economy, one sees there are some $3 billion in annual sales which are not declared.

The private sector reasons that if the informal sector paid taxes, the government could ease the burden of heavy taxation on the rest of the economy and the entire country would benefit from this by improving its competitiveness. The private sector contends that it is impossible for them to compete if it has a partner (the State) that grabs 40 pesos of every 100 pesos that are produced.

The political authorities, however, wonder how they will spend the money they will collect in taxes once the informal sector is incorporated into the legal system.

I read in EL PAIS newspaper some days ago that it has already been decided where to place the funds to be collected from the informal sector. The government is already spending the proceeds from future tax revenues.

[EL PAIS] In sum, you believe it will be very difficult to slash the fiscal deficit in 1996 and, thus, it will also be difficult to reduce inflation and the devaluation rate, as estimated by the government?

[Benavente] Correct. The fiscal deficit indicator of the GDP is highly sensitive, so much so that when assessing

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figures one finds the following: If the deficit amounts to 1.5 percent of the GDP, annual inflation will run at 22 percent; but if the deficit exceeds estimates by only half a point and totals 2 percent of the GDP, annual inflation will run at 32 percent. If the deficit represents 3 percent of the GDP — which is the average deficit in Uruguay over the past decade — annual inflation will climb to 58 percent. [passage omitted]

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